

A PLACE TO **THRIVE**



MELBOURNE
POLYTECHNIC



MEANS



DEGREES
DIPLOMAS
CERTIFICATES

ANNUAL **20** **REPORT 16**



MELBOURNE
POLYTECHNIC



VISION

Developing the capabilities of students and industry to thrive in a rapidly changing world.

As Australia's first genuine polytechnic, Melbourne Polytechnic will set the national benchmark in innovative, applied and outcome-driven tertiary education.

We are dedicated to providing our students and industry partners with programs that prepare students for the world of work and provide our industry partners with world-class value-adding students and customised programming that listens and understands the challenges facing business. At Melbourne Polytechnic, our students gain experiences that make them more than just 'competent' – they will be strategic assets to their employers.

We know the building blocks necessary for students to thrive in this rapidly changing world. We are dedicated to ensuring students gain the right skills, knowledge and real-world capabilities necessary to succeed both today and long into the future. We promote a rich, diverse culture with students from across the globe combined with dedicated staff and strong supports – Melbourne Polytechnic really is a place to thrive.

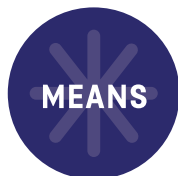
For industry, we believe going beyond the usual expectations is crucial, so when our former students are called upon to solve complex problems, think critically, take initiative or work in collaboration with others they have the knowledge, experience and work-oriented ethos that will help them, and their employers, succeed. Melbourne Polytechnic is a strong partner to industry. We have access to world-leading innovation and financial analytics as well as real-world professional teaching staff who are dedicated to working with our industry partners to help them succeed.

To demonstrate our commitment to career success and industry alignment, we established four Skills and Jobs Centres and a Call Centre staffed with dedicated Education and Career Advisors able and ready to help design personalised pathways to success.

ACKNOWLEDGEMENT OF CULTURE

Cultural inclusiveness is one of our guiding principles at Melbourne Polytechnic. On behalf of our staff and students we acknowledge the first educational practices that occurred on this land for thousands of years. They are the traditional learnings and teachings of the Wurundjeri people.

A PLACE TO THRIVE



MELBOURNE POLYTECHNIC

ANNUAL REPORT 2016

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**MELBOURNE
POLYTECHNIC**

Photo top left: L-R: Vicki Ward, Member for Eltham, Hon. Steve Herbert MP, Bill Forwood, Board Chairman, Melbourne Polytechnic. Report on the Greensborough campus reopening prepared for the Greensborough Community Consultative Group.

Photo centre left: Julia Gillard, AC. Melbourne Polytechnic Student Alumni event.

Photo bottom left: L-R: Jean-Paul Rollo, Melbourne Polytechnic Head of Program, Built Environment, Hon. Bill Shorten MP, Warrick Smith, Melbourne Polytechnic Director, Facilities and Assets, Marie Maillart, Melbourne Polytechnic Programs Support Manager. Visit to Melbourne Polytechnic's Epping Campus for Bill Shorten to promote the importance of Trades in Victoria.

Photo on the right: Hon. Gayle Tierney MP, Minister for Training and Skills. Announcing \$20 million government funding agreement for Melbourne Polytechnic.

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REPORT OF OPERATIONS

BOARD CHAIRMAN'S REPORT

BOARD CHAIRMAN'S REPORT

As newly appointed Board Chairman, I am pleased to present the 2016 Annual Report, which provides an overview of the Institute's activities, events, financial results and achievements by students and staff.

2016 was another year of challenges and positive transformation for the Institute. I congratulate our students on their efforts and achievements and thank staff for their efforts and contributions.

There were several changes to Board membership in 2016. I would like to thank the outgoing Board for their commitment, knowledge and support, which was greatly appreciated.

John Gibbins (exiting Chairman), Paul Shannon, Professor David Finlay, Tony Nippard and David Bristow steered and governed Melbourne Polytechnic through significant change at a pivotal time in the Institute's history.

Professor Lee Astheimer, Ian Munro (PSM), Joe Dicks and Mel Riel joined the Board in July 2016. I extend a warm welcome to them and look forward to working with them throughout the coming year.

We are pleased to be reopening our Greensborough campus as part of the Victorian Government's revitalisation of TAFE and we, at Melbourne Polytechnic, are committed to making the campus a vibrant student and industry-centric educational precinct with innovative approaches to education.

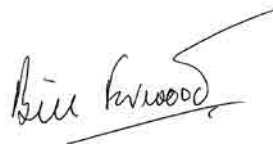
There were a number of successes in 2016 that will contribute to reshaping the Institute for the future. Key highlights included:

- ▶ The Board approved the Strategic Plan 2017-2020, which aims to position Melbourne Polytechnic at the intersection of students, industry and the knowledge economy - read more about it on page seven.
- ▶ Melbourne Polytechnic's Skills and Jobs Centres portfolio was increased with an additional two locations opened in 2016. These investments increase student awareness and provide information and advice around the emerging career and educational landscape.

Read about more of Melbourne Polytechnic's successes and highlights from page 17.

Finally, I would like to thank the outgoing Minister for Training and Skills, Hon. Steve Herbert, and newly appointed Hon. Gayle Tierney, and their staff for their support and assistance during an important year for Melbourne Polytechnic.

With exciting new initiatives and directions, we are on our way to becoming a world-class polytechnic.



Bill Forwood

Board Chairman
Melbourne Polytechnic

Date: 27 February 2017

I confirm that this Report of Operations was prepared in accordance with the requirements of the relevant Financial Reporting Directions.



Bill Forwood

Board Chairman
Melbourne Polytechnic

Date: 27 February 2017



CHIEF EXECUTIVE OFFICER'S REPORT

2016 was a year focused on strengthening the two-year-old Melbourne Polytechnic brand, implementing our vision, and stabilising the business operations to enable growth, in alignment with the Melbourne Polytechnic strategic intent.

The Strategic Plan 2017-2020 was adopted with the aim of positioning Melbourne Polytechnic for growth, improving our ability to respond to the challenges of the competitive marketplace, and securing opportunities. The vision at Melbourne Polytechnic is to develop the capabilities of students and industry to thrive in a rapidly changing world.

Brand awareness was a primary area of focus in 2016, positioning four purpose-built Melbourne Polytechnic Skills and Jobs Centres aligned to the strategy. It was exciting to see the final two Skills and Jobs Centres open in early 2016 in Doncaster and Prahran. These shopfronts are a way of reaching out to prospective students in our communities. They provide us with an opportunity to truly listen and connect with students, understand their learning and career aspirations and help develop a program of study that meets their needs and helps them achieve their learning and career goals.

Significant effort was placed on media advertising, which further enhanced the brand, vision and value to potential students through various mediums.

Our new organisational structure was announced in November 2015 to support the Strategic Plan. In early 2016, we embedded the Schools at the centre of what we deliver and built support structures around them. We recruited six Heads of School with broad commercial and educational experience to our senior leadership team in 2016 and had the full structure operationalised by May 2016.

In late 2016, we focused on the implementation of initiatives underpinning the Strategic Plan, including stabilisation of market share loss over prior years, performance and financial management, operational excellence through process improvement, student retention, career pathways, and enhancement of the student experience.

In November 2016, we were pleased to welcome Dr. David Martin, new Executive Director of Innovation and Transformation, and Head of the Centre of Applied Innovation. Melbourne Polytechnic's Centre of Applied Innovation will bring significant capability to students to access through their journeys and I am looking forward to the evolution and growth of the Centre and its deliverables in 2017.

The Strategic Plan 2017-2020 outlines elements that will set us apart in our industry as we continue to find new and innovative opportunities for Melbourne Polytechnic students to excel in a knowledge economy and to thrive in a rapidly changing world. You'll find more detail about our Strategic Plan on page seven.

I would like to extend my appreciation to our new Board, the State Government, staff members and industry partners who provided endless support this year.

I am excited about what 2017 will bring through the evolution of our Institute and positioning Melbourne Polytechnic as the industry partner and tertiary education provider of choice.



Rob Wood
Chief Executive Officer
Melbourne Polytechnic

Date: 27 February 2017



CHIEF OPERATING OFFICER'S REPORT

The operational focus for 2016 was the acquisition and establishment of new capability required to take our strategy forward, significant improvement in performance optimisation and management, establishing new governance and control structures, the stabilisation of the market share loss that occurred to the private sector in prior years, and significant improvement in business processes.

FINANCIAL PERFORMANCE

Our financial performance remained steady in 2016 despite an increasingly competitive market. The Institute made a small EBIT (earnings before interest and taxes) level loss of \$2.4 million, compared with a loss of \$3.5 million in 2015.

Revenue reduced in 2016 to \$133.1 million from \$139.6 million in 2015. This was offset by reduced expenditure significantly down by five per cent against 2015.

Melbourne Polytechnic's net asset base decreased slightly from \$287.4 million at the end of 2015 to \$285.0 million as at 31 December 2016, comprising total assets of \$338.5 million and total liabilities of \$53.5 million.

The Institute drew down on the remaining \$5 million interest-free loan facility provided by the State Government, resulting in increased liabilities and increasing cash compared to the end of 2015. An increase in payables also contributed to the \$8.9 million increase in overall liabilities at the end of 2016.

BOARD COMPOSITION

We welcomed four new Board Members to Melbourne Polytechnic in 2016, inducted them into our Institute, and provided information about strategy, governance and decision-making processes. We also thanked five exiting board members for their contributions.

SENIOR EXECUTIVE APPOINTMENTS

As part of our capability building to deliver the strategy, we welcomed a new Executive Director of Innovation, six Heads of School, an Executive Director of Marketing and Student Acquisition, a Chief Information Officer, and a Project Management Office Director. We also established a new commercial/analytical function.

These roles are all key additions to the Institute's ability to increase accountability, build our value proposition, improve change management, and enhance and align business processes.

PROJECT MANAGEMENT OFFICE

The Project Management Office (PMO) was formed in the last quarter of 2016. The PMO will build project and program management capabilities, provide management and reporting oversight for all strategic initiatives, and provide support for implementing business plans. The PMO is flexible and scalable to suit Melbourne Polytechnic's various enterprises and projects, to enable improved project, program and interdependency governance, monitoring, and progress reporting on deliverables and outcome measures.

TECHNOLOGY UPGRADE

During the year we invested \$6.1 million in ongoing ICT operations, inclusive of internal staffing and external services. Additionally, we invested \$1.8 million on capital expenditure in new capability to set up our Centre of Applied Innovation (CAI). This new asset provides unparalleled access for our students and industry partners to the world's innovation disclosures. The disclosures can then be used in an applied way to solve real world problems and identify opportunities. This is a key capability addition to realise our vision as a leading polytechnic.

LOOKING FORWARD

In 2017 we will further develop our capability, systems and processes to execute our strategy.

Having reshaped our Board and the majority of senior executive positions over the past 18 months, we look forward to a year of improvement in financial position and market relevance. We are confident that we have a strategy that will enhance outcomes for students and industry, and we are excited by the opportunities we are identifying.



Mark McNamara

Chief Operating Officer and Board Secretary
Melbourne Polytechnic

Date: 27 February 2017

OVERVIEW OF THE MELBOURNE POLYTECHNIC STRATEGIC PLAN 2017-2020

VISION AND VALUE PROPOSITION

Developing the capabilities of students and industry to thrive in a rapidly changing world.

As Australia's first genuine polytechnic, Melbourne Polytechnic will set the national benchmark in customised, culturally connected and outcome-driven tertiary education.

We are dedicated to providing students and our industry partners with programs that prepare students for the world of work and provide our industry partners with world-class value-adding students, and customised programming that listens and understands the challenges facing business. At Melbourne Polytechnic, our students gain experiences that make them more than just 'competent' – they will be strategic assets to their employers.

STRATEGIC DIRECTION

We have developed a Strategic Plan, approved by the Board, that includes initiatives across four time horizons. They are: Stabilise (control operating performance), Optimise (address organisation effectiveness), Innovate (implement medium-term strategic initiatives), and Transform (transformational change).

OUR KEY COMPETITIVE DIFFERENTIATORS AND ENABLERS ARE:

COMPETITIVE DIFFERENTIATORS

CAREER OUTCOMES	STUDENT ACQUISITION	TOTAL STUDENT EXPERIENCE	HIGH PERFORMANCE CULTURE	CAMPUS REVITALISATION	TECHNOLOGY	PARTNERSHIPS	KEY ENABLERS
PERSONALISED PROGRAMMING							
CULTURALLY CONNECTED							
LIFE LONG STUDENT RELATIONSHIP							

DIRECTION AND KEY FOCUS AREAS

It is Melbourne Polytechnic's intention to undertake targeted initiatives throughout 2017 to position the Institute for growth and to:

- ▶ Align courses and programs to meet student and industry needs.
- ▶ Provide relevant career advice embedded into our student acquisition cycle.
- ▶ Offer a broad range of multi-language supports including, but not limited to, enrolment support, career counselling and learning support, marketing materials, website and apps, and campus signage. We will also celebrate the diversity of our students through Melbourne Polytechnic and student-led cultural appreciation events.
- ▶ Differentiate ourselves in the market by building highly relevant, customised and valued relationships with our past and graduating students.
- ▶ Provide a well-supported and excellent student experience.
- ▶ Implement and enhance the performance focus and culture across the Institute through improved autonomy, performance reviews and accountability frameworks.
- ▶ Identify and submit to government for funding in recognition of our community service obligations.
- ▶ Upgrade key student-facing services and amenities and introduce new services and amenities.
- ▶ Welcome local communities to engage with and find value in our campuses.
- ▶ Re-open the Greensborough campus and deliver a vibrant combined local community asset and education precinct.
- ▶ Plan and partly execute the implementation of Tech Schools at Greensborough and Epping campuses.

STUDENT PROFILE

– ELEONORA LUCAMARINI

Eleonora Lucamarini crossed many boundaries and time zones to become Melbourne Polytechnic's Most Outstanding Student in Civil Engineering.

After visiting Melbourne from Italy in 2013, her travel plans transformed into plans to stay and study, and we're so glad she did. Eleonora enrolled into our Advanced Diploma of Civil Engineering Technology and quickly proved that being an older international student was no barrier to achievement.

Excelling in computer modelling, it was clear that Eleonora possessed something special – deftness, vision and dedication. In 2016 she received the Civil Contractors Federation (CCF) Victoria Division Award for Most Outstanding Student in the Diploma of Civil Engineering. Not only did this former industrial designer train for a new career, but she did so in a new language and culture!

Describing the different work cultures of Italy and Australia, Eleonora pointed out how she adjusted to our Aussie humour and enjoyed the fresh, innovative nature of Australian projects. "I liked the experimental side to the work. We had no idea how we were going to do it, but it used my skills from different fields: photography, 3D modelling, rendering, talking to customers and dealing with pressure," she said.

We support women like Eleonora who excel in traditionally male-dominated fields. Recognised for her leadership qualities and ability to motivate others, Eleonora is set to complete her degree this year and hopes to move straight into her new profession. We wish her all the best with her bright future.



CORPORATE GOVERNANCE

ESTABLISHMENT

In October 2014, the Northern Melbourne Institute of TAFE (NMIT) changed its name to Melbourne Polytechnic. This was part of a wider, strategic process to transform the Institute into a contemporary provider of high-quality education and student experiences. The term polytechnic aligns more closely with what we offer today and has greater recognition internationally – specifically across Europe and Asia. Our name reflects the broadening of the Institute’s operations to markets outside of northern metropolitan Melbourne.

2016	The Order to change the Constitution was gazetted on 12 May 2016 and came into operation on 1 July 2016 and the Constitution is a 2016 Order.
2014	The Order to change the name from NMIT to Melbourne Polytechnic was gazetted and came into operation on 2 October 2014.
2013	The Order making the Constitution of NMIT was gazetted on 10 April 2013 and came into operation on 15 April 2013 and the Constitution was a 2013 Order. NMIT was established as a body corporate on 1 January 2013 and the Board was established on 15 April 2013.
2012	NMIT celebrated its centenary year with a series of events commemorating its legacy as one of Melbourne’s longest continuing TAFE providers.
1996	Northern Metropolitan College of TAFE changed its name to Northern Melbourne Institute of TAFE and in 1999 the acronym NMIT was adopted.
1912	Northern Metropolitan College of TAFE began as Collingwood Technical School in 1912, and was formed through the amalgamation of Preston and Collingwood Colleges of TAFE in 1988.

THE MINISTER

The Board is responsible to the Victorian Government for the overall strategy, governance and performance of Melbourne Polytechnic’s functions. The responsible Ministers for Training and Skills during 2016 were Hon. Steve Herbert, MP and Hon. Gayle Tierney, MP.

THE BOARD

At 31 December 2016, the Melbourne Polytechnic Board had 10 directors. Six directors were minister appointed (one of whom is the Chairman), two were Board appointed, one was the staff appointed representative and one was the Chief Executive Officer. The Board’s powers, duties and functions are outlined in the Melbourne Polytechnic Constitution.

The Board had four Committees:

- ▶ Audit and Risk Committee
- ▶ Nominations and Remunerations Committee
- ▶ Business Review Committee
- ▶ Academic Board

The Committees helped the Board fulfil specific responsibilities that were set out in the Committee Charters, as delegated and approved by the Board.

There were 17 Board meetings in 2016.

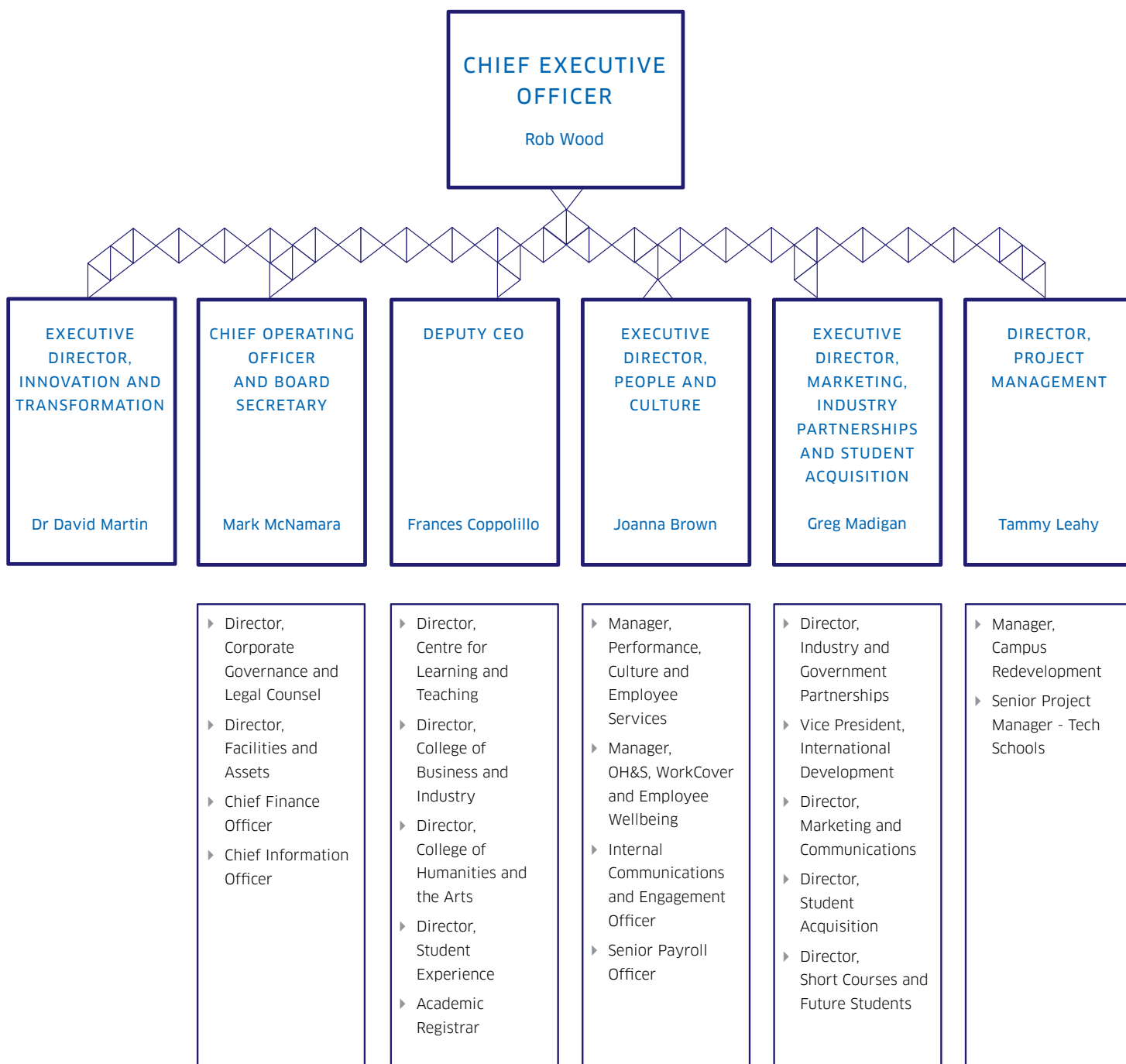
BOARD DIRECTORS FOR THE YEAR ENDING 31 DECEMBER 2016

Bill Forwood	Board Chairman and Minister Appointed Director
Fiona McNabb	Minister Appointed Director
Sandy Forbes	Minister Appointed Director
Jim Pasinis	Minister Appointed Director
Arianne Rose	Minister Appointed Director
Joe Dicks	Minister Appointed Director
Professor Lee Astheimer	Board Appointed Director
Ian Munro	Board Appointed Director
Rob Wood	Chief Executive Officer
Mel Riel	Staff Appointed Director

BOARD DIRECTORS WHOSE APPOINTMENTS CEASED ON 30 JUNE 2016

John Gibbins	Board Chairman and Minister Appointed Director
Paul Shannon	Minister Appointed Director
Tony Nippard	Minister Appointed Director
David Bristow	Minister Appointed Director
Professor David Finlay	Board Appointed Director

MELBOURNE POLYTECHNIC SENIOR MANAGEMENT STRUCTURE AT 31 DECEMBER 2016



CENTRE OF APPLIED INNOVATION

Australia's tertiary education sector currently has the lowest level of industry engagement in the OECD and we spend \$ billions every year on research and development only to see a very modest economic return on investment.

At Melbourne Polytechnic we understand that many of the tertiary education program choices available to students were designed for a different century and, increasingly, will not serve young Australians well as we shift clearly towards a knowledge economy. To be relevant to students and industry we believe the educational curriculum and teaching approaches found in tertiary education (vocational and higher education) need to shift to become far more future focused, enquiry based, transdisciplinary and absolutely linked to applied innovation as a valued partner to industry.

As a key component of advancing these strategic shifts, Melbourne Polytechnic has launched the Centre of Applied Innovation (CAI), in partnership with David E. Martin and his company M-CAM International LLC. The Centre of Applied Innovation hosts unparalleled innovation and financial analytics capabilities. These unique analytic capabilities allow us to assist industry partners in numerous ways, including finding open source innovations and supply chain partners, and analytic insights into a company's performance. Melbourne Polytechnic is the first and only tertiary education institute in the world to provide this type of commercial analytical capability to our students and industry partners.

Practically, this means that Australia can access and commercially utilise the vast majority of innovations already developed around the globe. Whether it be new energy, pharmaceuticals, cyber, advance manufacturing or virtually any other intangible asset-rich industry, we have the latest innovations and the capacity to discover it.

Most importantly, we can utilise the capabilities found inside the Centre to teach our students about the concepts of applied innovation. Whether it be through our relationships with secondary schools and our tech school program or through our vocational and higher education programming, we will be engaging students in purpose driven real-world challenges and opportunities, which inherently fosters an enquiry and transdisciplinary approach to education.

We want to see our students grow, stretch and gain the confidence that they will thrive in whatever path their careers might take them.



GREENSBOROUGH CAMPUS REOPENING

The reopening of Melbourne Polytechnic's Greensborough campus was a key election commitment of the Victorian Government. The decision was made as part of a broader commitment to reinvigorate the Victorian TAFE sector and in recognition of the importance of this site to the local community. \$10 million in initial capital funding was committed to cover associated costs.

The campus will reopen in February 2017 with a focus on Health and Community Services, and Business and Entrepreneurship. Further offerings will include Food, Plant and Animal Industries, Information Technology and Foundational studies. Courses will be expanded in 2018 and beyond.

Greensborough will be a multi-purpose community asset. Community and local industry will be co-located at the campus. Organisations including Banyule Nillumbik Local Learning and Employment Network, Careers Education Association Victoria, Diamond Valley Learning Centre and the Melbourne Innovation Centre will create a vibrant campus experience and provide significant community support and development.

The site will also be home to the Banyule Tech School, which is currently being planned and will open in 2018.



SKILLS AND JOBS CENTRES

Our Skills and Jobs Centres help potential students work through their career and training options, and advise workers who would like to re-skill. Skills and Jobs Centres provide a fully interactive experience and offer advice and services including:

- ▶ Apprenticeship and traineeship advice.
- ▶ Referral to additional service providers offering welfare support and financial advice.
- ▶ Helping develop job search skills including résumé preparation.
- ▶ Help to identify existing skills and the opportunity to formalise them through Recognition of Prior Learning (RPL).
- ▶ Access to information about employment trends, industry areas with skills shortages and employment opportunities.
- ▶ Assistance with career and training plans, and identifying training qualifications that could be undertaken to make a successful career transition.

Late in 2015, Melbourne Polytechnic opened Skills and Jobs Centres at Northland Shopping Centre and Westfield Shopping Centre in Plenty Valley. In 2016, two more centres were opened at Westfield Doncaster and in Chapel Street Prahran.

Our Skills and Jobs Centres are staffed by multi-lingual Education and Career Advisors who address queries from potential students, career up-skills, and re-skills. The Centres are positioned in prominent shopping centres and are open seven days a week.



STUDENT PROFILE – TALISA TARSIA

Armed with an open airline ticket (a graduation present from her parents in Italy) Talisa Tarsia had many possible post-study options, but chose to explore Australia.

Talisa had already completed an Arts degree at the University of Ferrara and was ready to return to Italy when a friend happened to mention Melbourne Polytechnic's interior design course.

The highly practical aspect of the course appealed to her, and four years later Talisa was one of our talented finalists in the Interior Design LiveStyling Challenge. Responding to the difficult design brief of adapting a small space into a functional apartment, Talisa produced a strong and compelling entry that impressed the judges. Being recognised by interior design experts was important to Talisa because "as a student wanting a career in the design field having these experts recognise your work makes you feel you are on the right path."

Talisa's design came to life at our Prahran campus last spring. A team of our students worked tirelessly with industry partners to construct the apartment interiors. With plans to start her own interior design practice, Talisa is certainly on the right path and many exciting opportunities await her.



AWARDS

SCHOOL OF BUSINESS, INNOVATION AND ENTREPRENEURSHIP

ALEX GIACON WINNER - PRIDE OF WORKMANSHIP FOR 2016 (PRESTON ROTARY CLUB)

SCHOOL OF CREATIVE ARTS

2016 NATIONAL WORLDSKILLS COMPETITION

CHLOE BIDDISCOMBE SILVER MEDAL - JEWELLERY

ADVANCED DIPLOMA OF GRAPHIC DESIGN - END OF YEAR EXHIBITION

AARON JAKUBENKO OUTSTANDING ACHIEVEMENT 2016 AWARD

LUKE BROZIC WINNER - BEST BODY OF WORK 2016

AUSTRALIAN INSTITUTE OF PROFESSIONAL PHOTOGRAPHY (AIPP) - VICTORIAN PHOTOGRAPHY AWARDS

SILVIA TOMARCHIO INAUGURAL WINNER OF THE LUMINOUS GRANT AND RECIPIENT OF SILVER DISTINCTION

CYGNET BAY PEARLS - AUSTRALIAN PEARL JEWELLERY DESIGN COMPETITION

MADELINE MATHWIN FIRST PRIZE - JEWELLERY APPRENTICE CATEGORY

RACHEL REILLY SECOND PRIZE - JEWELLERY THIRD-YEAR APPRENTICE CATEGORY

DIPLOMA OF VISUAL ARTS (ILLUSTRATION) - 'ILLUSTRE' END OF YEAR EXHIBITION

ALAMANDA CAMPYSA WINNER - BEST BODY OF WORK ON SHOW

ANNA-FRANCESCA HANZL WINNER - BEST DIGITAL WORK 1 (SPONSORED BY WACOM AUSTRALIA)

ALASDAIR SINTON WINNER - BEST DIGITAL WORK 2 (SPONSORED BY IMAGE SCIENCE)

WINNER - BEST INDIVIDUAL WORK (SPONSORED BY THE JACKY WINTER GROUP)

ISABELLE BURNS WINNER - CHILDREN'S BOOK ILLUSTRATION (SPONSORED BY HARDIE GRANT EGMONT)

MARC EGGLETON WINNER - CUTTING EDGE AWARD (SPONSORED BY DEANS ART)

PAULA MARCHIONNO WINNER - ACQUISITIVE AWARD IN ILLUSTRATION (SPONSORED BY A & S KOTZAPAVLIDIS MEMORIAL)

SOFIA SABBAGH WINNER - BEST TRADITIONAL MEDIA 1 (SPONSORED BY BOOKS ILLUSTRATED)

JENNIFER GREEN WINNER - BEST TRADITIONAL MEDIA 2 (SPONSORED BY ECKERSLEY'S ART AND CRAFT)

DIPLOMA OF VISUAL ARTS (PAINTING) - 'EPOCH' END OF YEAR EXHIBITION

ALEXANDRA BAMBERG WINNER - ENCOURAGEMENT AWARD (SPONSORED BY DEANS ART)

YOKO SHIMODA WINNER - ACQUISITIVE AWARD IN PAINTING (SPONSORED BY A & S KOTZAPAVLIDIS MEMORIAL)

ELANA GRUNBERG WINNER - BEST PAINTING CONCEPT (SPONSORED BY ECKERSLEY'S ART AND CRAFT)

PAUL CAMENZULI WINNER - OPEN AWARD (SPONSORED BY CHAPMAN AND BAILEY)

GAETANO GRECO WINNER - OUTSTANDING STUDENT IN PAINTING (SPONSORED BY DEANS ART)

FACT OR FICTION COMPETITION (SPONSORED BY MELBOURNE POLYTECHNIC STUDENT LIFE AND MEDIA)

QIAN (JUDY) ZHU FIRST PRIZE

STEVEN COWLED SECOND PRIZE

LISA BEAUMONT FIRST PRIZE - PHOTOGRAPHY

OLGA NIKITINA SECOND PRIZE - PHOTOGRAPHY

ANNA JENKINS HIGHLY COMMENDED 1

JOANNE HOWARD HIGHLY COMMENDED 2

MADISON WEBSTER PEOPLE'S CHOICE AWARD

JEWELLERY GRADUATE EXHIBITION - 'FORM'

SARRA TWYXCROSS-SMITH WINNER - BEST OVERALL STUDENT (SPONSORED BY JOHN LAZOS & ASSOCIATES)

JENNIFER ANDERSON WINNER - BEST USE OF CASTING (SPONSORED BY APECS CASTING)

SALLY HOWES WINNER - MELBOURNE POLYTECHNIC VISUAL ARTS JEWELLERY AWARD FOR OUTSTANDING COMMITMENT

ZOE RICHARDS WINNER - MENTOR AWARD (WITH THE ARBOR GALLERY DIRECTOR)

JEWELLERY GRADUATE EXHIBITION - 'FORM' (cont.)

LAUREN TORJKOVIC	WINNER - METAL AWARD
OLIVIA SHEEN	WINNER - THE GUILD AWARD FOR THE BEST USE OF HAND SKILLS
ROHANA NORGATE	WINNER - 'RETAIL SPACE' FOR ONE MONTH TO THE VALUE OF \$220 (SPONSORED BY IN.CUBE8R GALLERY)
HA THAN	WINNER - BEST DESIGN (SPONSORED BY O'NEIL'S AFFILIATED GEMSTONES MERCHANTS)
APHRA CHEESMAN	WINNER - OPEN CATEGORY (SPONSORED BY AUSTRALIAN JEWELLERY SUPPLIES)

FOURTH ANNUAL EXHIBITION - THE MELBOURNE CUFFLINK AND STUDENT ACQUISITIVE PRIZE

GEORGINA TUGAN	WINNER
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2016 HAIR AND BEAUTY STUDENT SHOWCASE - 'UNMASKED'

PIUMI ABEYTHUNGE	WINNER - AVANT GARDE HAIR - STAGE 1
OLIVIA EVANS	WINNER - AVANT GARDE HAIR - STAGE 2
WAJED ALNOURI	WINNER - CATWALK HAIR - STAGE 1
RAWO MAALIM	WINNER - CATWALK HAIR - STAGE 2
PARCIA PATTO	WINNER - CONTEMPORARY CATWALK MAKEUP
ELEONORA BUT	WINNER - NAIL ART
	WINNER - ADVANCED NAIL ART

STAFF AWARDS

AUSTRALIAN INSTITUTE OF PROFESSIONAL PHOTOGRAPHY (AIPP) - VICTORIAN PHOTOGRAPHY AWARDS

STEVE SCALONE	WINNER - 2016 AIPP AUSTRALIAN PROFESSIONAL TRAVEL PHOTOGRAPHER OF THE YEAR
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ART STROKES (HOSTED BY HURSTBRIDGE PRIMARY SCHOOL DURING HURSTBRIDGE WATTLE FESTIVAL)

NEIL SANDERS	WINNER - 2016 ART STROKES AWARD
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SCHOOL OF ENGINEERING, DESIGN AND CONSTRUCTION

ELEONORA LUCAMARINI	MOST OUTSTANDING STUDENT - CIVIL CONTRACTORS FEDERATION, VICTORIAN DIVISION
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SCHOOL OF FOOD, PLANT AND ANIMAL INDUSTRIES

2016 NATIONAL WORLDSKILLS COMPETITION

MATTHEW HIGGINS	BRONZE MEDAL - LANDSCAPE CONSTRUCTION
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JACOBSEN'S FUTURE TURF MANAGERS SEMINAR (HELD IN CHARLOTTE, NORTH CAROLINA, USA)

SHAUN GERRING	RECIPIENT OF THE JACOBSEN'S FUTURE TURF MANAGERS INITIATIVE AWARD
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NILLUMBIK AUSTRALIA DAY AWARDS

MICHAEL BRADLEY	RECIPIENT OF THE NILLUMBIK JAGA JAGA AUSTRALIA DAY AWARD
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ROYAL AGRICULTURAL SOCIETY OF VICTORIA - 2016 ROYAL MELBOURNE SHOW

JAMES EVANS	THIRD PLACE - HANDLERS 19 YEARS AND OVER
EMILY BRISLIN	FOURTH PLACE - HANDLERS 19 YEARS AND OVER

STAFF AWARD

ROYAL AGRICULTURAL SOCIETY OF VICTORIA - 2016 ROYAL MELBOURNE SHOW

KATE NORRIS	FIFTH PLACE - EXPORT CARCASS COMPETITION
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SCHOOL OF FOUNDATION AND PREPARATORY STUDIES

VICTORIAN CURRICULUM AND ASSESSMENT AUTHORITY

JUSTICE MCDONALD	VICTORIAN KOORIE STUDENT AWARD
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STAFF AWARD

NANDINI BISKUNDA	WINNER - SHREE SHAKTI (POWERFUL WOMEN) AWARD
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INTERNATIONAL EDUCATION

REPUTATION

Melbourne Polytechnic has an established reputation and is a highly regarded Institute that operates ethically and responsibly in the international education environment. Our continued high-level involvement in international education enhances our reputation and contributes to the wider Australian education sector. Many international institutions and industries actively seek partnerships with Melbourne Polytechnic.

We continue to engage with Victorian TAFE International as the lead professional development body in the field and the voice of Victorian TAFEs with government.

GROWTH AND ACHIEVEMENTS

Despite the Australian Vocational and Educational Training (VET) market enduring headwinds in recent years, both in terms of international student enrolments and transnational operations, Melbourne Polytechnic student numbers were resilient and we retained our place as Australia's largest public provider of transnational VET.

INTERNATIONAL STUDENTS STUDYING OUTSIDE AUSTRALIA

We manage the delivery of programs outside Australia with 13 partner institutions. In 2016, most students were based in China and Hong Kong and new projects were developed in Mongolia and Thailand. All nationally accredited programs are managed with a strong compliance focus and ongoing investments in teacher training, resourcing and capacity building.

The International Office maintained and logged all agreements with foreign institutions to ensure compliance with ASQA VET Quality Framework requirements.

The establishment of Melbourne Polytechnic's first offshore degree program in Hong Kong was a tremendous coup for the Institute and laid the foundation for future transnational Higher Education programs. VET student enrolments in Hong Kong increased by more than 400 per cent and a high proportion of those students plan to continue to degree courses. There were also exciting developments in the commencement of new hospitality programs in Thailand and Malaysia.

OTHER ACHIEVEMENTS

Six government-funded study tours took place in Denmark, China, Korea and Japan in 2016, with groups visiting transnational partners and building significant rapport and goodwill. In response, students from seven international partners attended study tours at Melbourne Polytechnic.

The DFAT-funded aid project in Mongolia progressed smoothly with more than 70 graduates in nationally accredited Australian programs, such as welding and construction, plus an extension of the agreement with Umnugobi Polytechnic College to put through a further 50 with a greater reliance on local, Australian trained, trainers and assessors.

In 2017, Indonesia will be a major strategic focus and the development of existing opportunities in Sri Lanka, Korea and Malaysia will underpin an exciting period of growth.

INTERNATIONAL STUDENTS STUDYING IN AUSTRALIA

Revenue generated from international students remained steady in 2016, despite a decrease in the overall number of international students enrolling in VET programs.

The inbound market was stable with 385 equivalent full-time study load (EFTSL) international student enrolments in Higher Education programs in 2016. VET enrolments declined with an average of 246 international student full-time enrolments in 2016.

Students were from 69 countries including Colombia, China, Italy, India, Korea, Nepal, Pakistan, Philippines, Sri Lanka, Taiwan, United Kingdom and Vietnam. The spread of countries where students are successfully recruited helps mitigate the risk associated with over-reliance on a small number of countries from which to source international students.

For 2017, the recruitment of international students will benefit from the promotion of seamless pathways between VET and Higher Education programs, an expanded range of CRICOS registered VET and Higher Education courses, and more internships.

2016 HIGHLIGHTS

Melbourne Polytechnic consists of six Schools:

- ▶ Business, Innovation and Entrepreneurship
- ▶ Engineering, Design and Construction
- ▶ Food, Plant and Animal Industries
- ▶ Creative Arts
- ▶ Foundation and Preparatory Studies
- ▶ Health and Education

SCHOOL OF BUSINESS, INNOVATION AND ENTREPRENEURSHIP

The School of Business, Innovation and Entrepreneurship offers Vocational and Higher Education programs ranging from Certificates through to Masters qualifications across three departments.

Culinary and hospitality courses are offered in the Department of Hospitality, programs in accounting, management and business are offered by the Department of Business, and a specialised suite of Work Education programs is offered to students with intellectual disabilities by the Department of Work Education.

HIGHLIGHTS

- ▶ The Certificate I in Work Education (Ignition Theatre) performance, *The Music Returns*, was presented at Northcote Town Hall to an enthusiastic audience. It showcased the creative talents of students with intellectual disabilities.
- ▶ Students with intellectual disabilities met with young people from the local community to discuss how local Government could provide better programs and services to the youth of Darebin.
- ▶ The Hospitality department was granted funding by the Department of Education to deliver non-apprenticeship (classroom delivery) training to students in the Commercial Cookery and Bakery programs.
- ▶ In 2017 we will be offering the Diploma of Business online to students across Australia.

SCHOOL OF CREATIVE ARTS

The School of Creative Arts consists of Visual and Performing Arts. Within these two departments is a variety of creative disciplines including Music Performance, Illustration, Theatre Studies, Graphic Design, Screen and Media, Writing, Editing and Publishing, Photo Imaging, Sound Production, Hairdressing, Specialist Make-Up for Theatre, Music Business, and Costume Design.

We position our students to thrive in their careers by developing our programs to meet not only their needs, but also the needs of industry. A career in the creative arts is challenging and we aim to provide our students with the best possible start by building programs that focus on real world outcomes.

HIGHLIGHTS

- ▶ The 'Botanica 2016' Annual Exhibition held at Bundoora Homestead Arts Centre featured selected works on paper by Visual Arts students and provided an opportunity for them to exhibit their work.
- ▶ The Photoimaging 'Gradshow 2016' exhibited 34 graduating students' innovative and creative work to more than 350 people on opening night.

- ▶ Final year students in the Bachelor of Illustration exhibited their work at Off the Kerb Gallery in Collingwood. The show response and sales were excellent and the event marked the transition from student to practising artist.

SCHOOL OF ENGINEERING, DESIGN AND CONSTRUCTION

This School specialises in the design and delivery of programs for the Engineering, Design and Construction, and IT industries. Programs are undertaken by local, interstate and international students and include Apprenticeship, Diploma, Advanced Diploma and Bachelor courses.

HIGHLIGHTS

- ▶ Won a contract to analyse the training needs of electricity and gas supply control rooms for energy infrastructure company Jemena.
- ▶ Introduced the Bachelor of Built Environment.
- ▶ Opened the Interior Design LiveStyling Project at the Prahran Campus. The project had 15 industry sponsors and will be featured in Grand Designs Magazine and Home Design Magazine.
- ▶ Eleonora Lucamarini won the Civil Contractors' Federation's Most Outstanding Student in the Diploma of Civil Engineering Award.
- ▶ The VET Trade area is working with Toyota Australia through the DRIVE project to retrain displaced staff as result of the closure of their manufacturing plant in Australia.

SCHOOL OF FOOD, PLANT AND ANIMAL INDUSTRIES

The mission of this School is to facilitate the growth and sustainable development of food, plant and animal industries and improve the economic, environmental and social outcomes of rural and urban communities. The School represents the broad agricultural and horticultural sectors in Victoria and South Eastern Australia and conducts a wide range of activities that include basic and applied education and research programs.

Our education programs are industry orientated and focused on education and skills development across a range of Vocational and Higher Education programs (certificates to degrees). Our farms participate in the International Critical Zone Observatory Program (www.czen.org); our research into sensor systems to increase wine production and quality is internationally accepted; and our commercial trading entities produce wine, olive oil and other products that retail across Australia.

HIGHLIGHTS

- ▶ Our linkages with business and industry led the School to become the preferred training agency for the Melbourne Market, which is the largest warehousing complex in Australia.
- ▶ The Melbourne Racing Club Melbourne Polytechnic Women in Racing partnership was established.
- ▶ Funding was received to establish a wireless farm at Yan Yean to offer a program in IT applications for farm operations - the first of its kind in Victoria.

SCHOOL OF FOUNDATION AND PREPARATORY STUDIES

This School brings together teaching and support programs to enable students to gain the confidence and skills to engage in meaningful further study, or to be ready for work. The School aims to be open, welcoming and rigorous in its approach to teaching and places the needs of students at the centre of planning and delivery.

HIGHLIGHTS

- ▶ The Adult Migrant Education Program (AMEP) experienced a surge in numbers at Epping and Broadmeadows. This was due to the increase in humanitarian arrivals from Syria, Jordan and Lebanon.
- ▶ A Pearson (PTE Academic) centre was opened at the Preston campus. PTE Academic is a computer-based language test offering migrants and international students a fast, flexible and fair way of proving their English language proficiency. Since opening in June 2016 over 3,000 test takers have attended.
- ▶ Melbourne Polytechnic remained a centre of choice for the International English Language Testing System (IELTS) with 6,000 people taking the test at the Preston and Collingwood campuses in 2016.
- ▶ DeafConnectEd expanded its work into regional areas in 2016 and delivered, via video link, Auslan courses in several areas including Gippsland, Ballarat, Geelong and Bendigo.

SCHOOL OF HEALTH AND EDUCATION

The School of Health and Education offers courses in health, community services, early years education, training and assessment, and individual support. The School delivers industry-focused, student-centric programs that set students up for a positive start to a career in their chosen discipline.

HIGHLIGHTS

- ▶ We increased the number of VET courses on offer from 11 to 21, including six new VET qualifications.
- ▶ State-of-the-art Simulation Suites will open at Greensborough Campus in 2017.

CENTRE FOR LEARNING AND TEACHING

The Centre for Learning and Teaching builds teachers' capabilities to develop student-centred, innovative and engaging approaches using educational technologies. The Centre helps Schools establish and maintain quality, design programs, and foster practice-based research and educational leadership.

HIGHLIGHTS

- ▶ Established policy, conducted professional development and initiated technology integration to create the foundations for effective online course delivery.
- ▶ Established quality and policy frameworks.
- ▶ Established academic governance framework and committee structure.
- ▶ Built the foundations for supporting teachers in the development of good teaching practice, developing effective assessments and adopting new teaching delivery methods.

FACILITIES AND ASSETS

The Facilities and Assets team is responsible for all assets and related services (excluding ICT, multimedia and telecommunication resources) including buildings, utilities, grounds, infrastructure and the management of security, cleaning, sustainability and mobile equipment.

HIGHLIGHTS

- ▶ The Preston library was upgraded to incorporate the new enrolment centre.
- ▶ We transformed Level 1, Building B at the Preston Campus to create additional staff offices.
- ▶ Building S at Fairfield Campus was repurposed to accommodate the Centre of Applied Innovation.
- ▶ Greensborough campus was renovated in advance of reopening in 2017.
- ▶ Planning work for two Tech Schools at Epping and Greensborough campuses was undertaken.

STUDENT EXPERIENCE

Student Experience delivers a range of services to support the Institute's capacity to recruit, engage, transition and retain students. Student Experience comprises Student Counselling and Disability Support, Student Life and Media (SLAM), the Koorie Services Centre, the Fitness Centre, Student Communications, Library Services and an administrative team.

HIGHLIGHTS

- ▶ SLAM conducted more than 210 events that were attended by over 15,000 students.
- ▶ Establishment of the first TAFE International Student Association in Victoria.
- ▶ Launch of an online Student Accommodation database.
- ▶ A VET Development Centre grant was received to develop an induction tool for staff on supporting Indigenous students.

STAFF PROFILE – CRAIG JONES

Forty years of exceptional service in one organisation is rare these days. We would like to thank Craig Jones, the lead teacher in Electrical and Mechanical Engineering, for the innumerable ways he has enriched Melbourne Polytechnic and the TAFE sector over the past four decades.

Craig is a man of many talents, serving as an AEU Union Representative, facilitating Excel and Word sessions for staff, acting as a Change Champion for the Stabilise project and representing Melbourne Polytechnic at conferences.

One of Craig's key contributions was the establishment of the highly-regarded Electrical Supply Industry Power Systems study area. He also developed and ran programs, including the Kickstart program (designed to improve student confidence in computing) that received tremendously positive feedback.

Throughout his forty-year career with us, Craig has formed great friendships with students and staff, and we hope to see him around for many more years to come.



WORKFORCE AND COMPLIANCE INFORMATION

ENVIRONMENTAL PERFORMANCE

In 2016 Melbourne Polytechnic:

- ▶ Increased monitoring of electricity consumption at various buildings of the main campuses.
- ▶ Increased utility of buildings such as extra tenants at Collingwood and Epping.
- ▶ Signed an Energy Performance contract to upgrade lighting and mechanical services as part of the Greener Government Buildings program.
- ▶ Installed a communal bin system across campuses that delivered an increase in recycling rates and a reduction in waste to landfill.

ENERGY USE

	2016	2015	2014
Total energy usage segmented by primary source (megajoules)	72,274,470	77,143,000	72,100,000
Greenhouse Gas Emissions associated with energy use, segmented by primary source and offsets (Tones CO2-e)	12,163	17,051	15,712
Percentage of electricity purchased as greenpower	0%	0%	0%
Units of energy used per FTE (megajoules)	106,455	102,268	73,377
Units of energy used per unit of office area (megajoules per m2)	516	396	387

FTE: full time equivalent

Total gross office area is (140,000 m2) excluding Ararat.

WASTE PRODUCTION

	2016			2015			2014		
	Organic*	Recycle	Waste	Organic*	Recycle	Waste	Organic*	Recycle	Waste
Total units of office waste disposed of by destination (kg per year)	N/A	62,710	649,760	N/A	96,200	392,080	N/A	54,720	876,000
Units of office waste disposed of per FTE by destination (kg per FTE)	NA	73	760	N/A	128	520	N/A	59	939
Recycling rate (% of total waste by weight)	10%			17%			6%		
Greenhouse Gas emissions associated with waste disposal (tonnes CO2-e)	844			470			1,051		

* Organic data is not available

Waste and recycling data is based on a waste audit conducted in 2014 and 2015.

FTE: full time equivalent

PAPER USE

	2016			2015		
Total units of A4 equivalent copy paper (reams)	8,887			9,253		
A4 equivalent copy paper used per FTE (reams per FTE)	10			12		
Percentage of recycled content copy paper purchased (%)	0-49%	50-75%	76-100%	0-49%	50-75%	76-100%
Reams	2,544	6,343	0	8,923	245	85

FTE: full time equivalent

Paper use data for 2014 unavailable.

WATER CONSUMPTION

	2016	2015	2014
Total Potable water consumption (kilolitres)	60,415	68,938	73,009
Total potable water consumption per FTE (kilolitres)	71	91	78
Units of metered water consumed in office per unit of Office area (kilolitres per m2)	0.43 KL/m2	0.35KL/m2	0.41KL/m2

FTE: full time equivalent

Total gross office area is (140,000 m2) excluding Ararat

TRANSPORTATION

	2016			2015			2014		
	Petrol	Diesel	LPG	Petrol	Diesel	LPG	Petrol	Diesel	LPG
Total energy consumption fleet vehicle (gigajoules)	1,509	1,292	118	1,310	1,153	109	1,378	324	75
Total vehicle travelled (km)	293,722	127,638	30,156	512,548	288,004	30,033	491,152	121,380	19,580
Greenhouse Gas emissions (tonnes CO2-e)	108	97	7	117	120	7	109	23	4
Total distance travelled by air (km)	N/A			N/A			N/A		
Percentage of employees using alternative forms of transport	N/A			22%			N/A		

GREENHOUSE GAS EMISSIONS

	2016	2015	2014
Total greenhouse gas emissions associated with energy use (tonnes CO2-e)	12,163	17,051	15,712
Total greenhouse gas emissions associated with fleet vehicle (tonnes CO2-e)	212	244	137
Total greenhouse gas emissions associated with air travel (tonnes CO2-e)	n/a	n/a	n/a
Total greenhouse gas emissions associated with waste production (tonnes CO2-e)	844	470	1,051
Greenhouse Gas emissions offsets purchased (tonnes CO2-e)	0	0	0

WORKFORCE STAFFING DETAILS AND COMPLIANCE

2016	Full-time		Part-time		Casual	
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other
PACCT Staff	206	26	33	12	-	26
Executive	28	-	-	-	-	-
Other	61	7	8	3	-	50
Teacher	215	28	49	16	121	-

2015	Full-time		Part-time		Casual	
	Ongoing	Fixed Term	Ongoing	Fixed Term	Teacher	Other
PACCT Staff	195	15	32	12	-	37
Executive	22	-	-	-	-	-
Other	70	6	8	1	-	35
Teacher	236	30	50	12	83	-

	Ongoing Employees				Fixed Term and Casual	
	Number (headcount)	Full-time (headcount)	Part-time (headcount)	FTE	FTE	
December 2016	649	519	130	600	289	
December 2015	660	523	137	613	231*	

* 2015 staff numbers re-calculated based on advised re-classifications and calculation method.

Note: Active staff in last pay period December 2016

FTE: full-time equivalent

Figures have been rounded

Employees have been correctly classified

	December 2016			December 2015		
	Ongoing		Fixed-term and Casual	Ongoing		Fixed-term and Casual
	Number (headcount)	FTE	FTE	Number (headcount)	FTE	FTE
GENDER						
Male	313	298	119	308	297	91*
Female	336	302	170	352	316	140*
AGE						
Under 25	1	1	12	4	4	7*
25-34	55	51	51	52	50	36*
35-44	134	123	55	136	123	45*
45-54	226	209	82	232	215	66*
55-64	206	191	68	207	195	60*
Over 64	27	25	21	29	26	17*
CLASSIFICATION						
PACCT Staff	256	239	64	243	227	64*
Executive	28	28	0	22	22	0*
Teacher	291	264	165	311	286	125*
Other	74	69	59	84	78*	42*

* 2015 staff numbers re-calculated based on advised re-classifications and calculation method.

Note: Active staff in last pay period December 2016

FTE: full-time equivalent

Figures have been rounded

Employees have been correctly classified

EMPLOYMENT AND CONDUCT PRINCIPLES

Melbourne Polytechnic's People and Culture policies and practices are underpinned by the public sector employment principles set out in Section 8 of the *Public Administration Act 2004*. Selection decisions are based on key selection criteria in position descriptions available to all applicants. Melbourne Polytechnic has a range of policies that promote fairness and equity in the workplace and are designed to discourage discrimination and harassment against staff, students and visitors.

These policies include but are not limited to:

- ▶ Institute Code of Practice
- ▶ Anti-discrimination Policy
- ▶ Employment Procedures
- ▶ Prevention of Workplace Bullying Policy and Procedures
- ▶ Sexual Harassment Policy and Procedures
- ▶ Policy and Procedures for Employee Grievances
- ▶ Selection Policy.

GENERAL STATEMENT ON INDUSTRIAL RELATIONS

Excellent relationships were maintained with all unions with coverage at Melbourne Polytechnic. The Institute has regular consultative arrangements in place with the unions to ensure issues arising are dealt with appropriately. There were no days lost to industrial action taken in 2016.

OCCUPATIONAL HEALTH AND SAFETY

Melbourne Polytechnic is committed, so far as is practicable, to providing and maintaining a working environment that is safe and without risks to health. This commitment is based on the belief that all occupational injuries/illnesses can and must be prevented.

The Occupational Health and Safety Committee met four times during the year. The Committee considered staff and student incident reports at each meeting.

During 2016, Occupational Health and Safety Training was provided as follows:

Number of staff	Training
13	Occupational Health and Safety Representative Refresher Course
38	First Aid
21	Cardiopulmonary Resuscitation
8	Warden Training

Respiratory testing was provided to seven staff and 57 staff undertook audiometric testing.

Statistics for reported hazards and incidents are below.

	2016	2015	2014*
Total number employed as at the last pay in December	1,632	1,429	1,494
Total full-time equivalent as at the last pay in December	889	754	831
Number of hazards/incidents reported	53	47	45
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	6.0	6.2	5.4
Time lost (hours)	3,098	3,334	1,776
Number of claims accepted	10	12	8
Number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	0.9	1.6	1.0

* Figures provided for 2014 are as at the last pay in November.

Melbourne Polytechnic's WorkCover premium for 2016/2017 was \$524,111.73 inclusive of GST. Our rating was 15.03 per cent better than the industry average.

Claims	2016	2015	2014
Average cost per claim for the year	\$62,455	\$52,648	\$31,457
Payments to date	\$167,750	\$85,577	\$104,488
Estimate of outstanding claim costs	\$659,173	\$417,082	\$178,630

The 2016 costs were dominated by three large claims and one very large claim. These four claims accounted for 81 per cent of costs. The largest claim alone accounted for 39 per cent or \$322,000 claims cost estimate. The average, excluding the very large claim, reduces to \$40,855. Excluding all four claims leaves the average at \$15,721.

Students	2016	2015	2014
Total number of enrolments at December	21,573	36,171	43,919
Number of incidents reported	113	118	98

APPLICATION OF THE FREEDOM OF INFORMATION (FOI) ACT 1982

It is Melbourne Polytechnic's policy to facilitate, subject to privacy and confidentiality provisions, access to information without recourse to the provisions of the FOI Act where appropriate.

During 2016, the Director of Corporate Governance and General Counsel assumed responsibility for ensuring compliance with the Freedom of Information, Privacy and Data Protection and Protected Disclosure Acts.

FOI ACCESS ARRANGEMENTS

Requests for access to documents must be in writing and directed to:

Freedom of Information Officer
Governance Department
Melbourne Polytechnic
77 St Georges Road
Preston VIC 3072 AUSTRALIA

Requests can also be sent by email to:
foi@melbournepolytechnic.edu.au

FOI FEES AND ACCESS CHARGES

The application fee for an FOI request was \$27.20 until 30 June 2016 and \$27.90 from 1 July 2016.

Charges for access to documents were in accordance with the Freedom of Information (Access Charges) Regulations 2014.

FOI ACCESS CLAIMS 2016

There were four requests for access to documents received pursuant to the FOI Act during 2016.

COMPLIANCE WITH VICTORIAN PUBLIC SECTOR TRAVEL PRINCIPLES

Melbourne Polytechnic complies with the Victorian Public Sector Travel Principles.

COMPLIANCE WITH THE PROTECTED DISCLOSURE ACT 2012

Melbourne Polytechnic supports individuals who make a protected disclosure under the *Protected Disclosure Act 2012* including the protection of persons from any detrimental action by officers, employees, contractors or the Institute itself.

Melbourne Polytechnic has not been advised by the Independent Broad-based Anti-corruption Commission (IBAC) that there were any disclosures made against Melbourne Polytechnic or any of its staff in 2016.

COMPLIANCE WITH THE CARERS RECOGNITION ACT 2012

The *Carers Recognition Act 2012* formally acknowledges the significant contribution that carers make to the Australian community. Melbourne Polytechnic considers the carers recognition principles as set out in the Act when developing relevant staff and student policies, procedures and provision of services.

These include:

- ▶ flexible working arrangements
- ▶ part-time work opportunities
- ▶ opportunities to purchase leave
- ▶ an Employee Assistance Program.

Students with carer responsibilities or those with a disability are also supported at Melbourne Polytechnic through:

- ▶ application of special consideration arrangements
- ▶ provision of reasonable accommodation to enable participation
- ▶ provision of additional supports such as access to counselling and disability support services.

COMPLIANCE WITH THE BUILDING ACT 1993

Melbourne Polytechnic ensured that all works requiring building approval had plans certified. Works in progress were inspected and occupancy permits issued by independent building surveyors engaged on a job-by-job basis. All works were overseen by a registered building practitioner.

A register of building surveyors and the jobs they certified was maintained. Melbourne Polytechnic required all building practitioners engaged on its works to show evidence of current registration upon their engagement.

A condition of contracts between Melbourne Polytechnic and building contractors requires the maintenance of registration for the duration of the contract. All practitioners engaged by Melbourne Polytechnic maintained their registered status throughout the year.

During 2016 the following works and maintenance were undertaken to ensure conformity with the relevant standards.

Building works	Number
Work under construction and the subject of mandatory inspections	1
Certificate of final inspection/occupancy issued	0

COMPLIANCE WITH THE VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP) ACT 2003

Melbourne Polytechnic did not have any contracts to which VIPP applied.

COMPLIANCE WITH NATIONAL COMPETITION POLICY

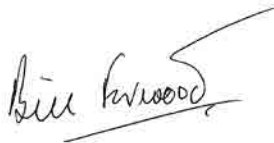
Melbourne Polytechnic has developed a pricing and costing model that is consistent with the National Competition Policy, including the requirements of the policy statement 'Competitive Neutrality Policy Victoria', and any subsequent reforms.

VRQA CHILD SAFE STANDARDS

Melbourne Polytechnic has students aged under 18 years, childcare centres located on campus, and hosts visiting children and young people. Melbourne Polytechnic aims to establish and maintain a child safe organisation where children and young people feel safe, valued, respected, encouraged and empowered to reach their full potential. The Melbourne Polytechnic community is aware of the Victorian State mandatory reporting obligations and associated legislation and has policies and procedures that support compliance with the Child Safety Standards.

ATTESTATION OF COMPLIANCE WITH THE MANDATORY REQUIREMENTS OF THE VICTORIAN GOVERNMENT RISK MANAGEMENT FRAMEWORK

I, Bill Forwood, Board Chairman, certify that Melbourne Polytechnic has complied with the mandatory requirements of the Victorian Government Risk Management Framework.



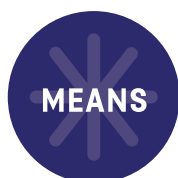
Bill Forwood

Board Chairman
Melbourne Polytechnic

Date: 27 February 2017

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A PLACE TO THRIVE



2016 FINANCIAL STATEMENTS

MELBOURNE POLYTECHNIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board of Melbourne Polytechnic

Opinion	<p>I have audited the financial report of Melbourne Polytechnic (the institute) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 31 December 2016• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes comprising a summary of significant accounting policies• declaration by the Board Chair, Chief Executive Officer and Chief Finance Officer. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the institute as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>The Auditor-General's independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditing in the Public Interest

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the institute's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the institute to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
7 March 2017



Simone Bohan
as delegate for the Auditor-General of Victoria

DECLARATION

FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER, 2016

DECLARATION BY THE BOARD CHAIRMAN CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER

We certify that the attached financial statements for Melbourne Polytechnic have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions issued under that legislation, Australian Accounting Standards and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes to and forming part of the financial report, presents fairly the financial transactions during the year ended 31 December 2016 and financial position of the Institute as at 31 December 2016.

At the date of signing this financial report, we are not aware of any circumstance that would render any particulars included in the financial report to be misleading or inaccurate. There are reasonable grounds to believe that the Institute will be able to pay its debts as they become due and payable.

The Board Chairman and the Chief Executive Officer sign this declaration as delegates of, and in accordance with a resolution of, the Board of Melbourne Polytechnic.



Board Chairman
Bill Forwood

Date: 27 February 2017

Place: Preston, Victoria



Chief Executive Officer
Robert Wood

Date: 27 February 2017

Place: Preston, Victoria



Chief Finance Officer
Claire Britchford

Date: 27 February 2017

Place: Preston, Victoria

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Continuing operations			
Income from transactions			
Government contributions - operating	2(a)(i)	63,795	59,033
Government contributions - capital	2(a)(ii)	5,410	-
Sale of goods and services	2(b)	59,113	76,218
Interest income	2(c)	355	165
Other income	2(d)	4,398	4,172
Total income from transactions		133,071	139,588
Expenses from transactions			
Employee expenses	3(a)	84,071	82,372
Depreciation and amortisation	3(b)	5,685	6,016
Supplies and services	3(c)	18,298	23,128
Other operating expenses	3(d)	27,686	31,464
Total expenses from transactions		135,740	142,980
Net result from transactions (net operating balance)		(2,669)	(3,392)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4(a)	247	69
Other gains/(losses) from other economic flows	4(b)	(27)	(170)
Total other economic flows included in net result		220	(101)
Net result		(2,449)	(3,493)
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	15(a)	-	17,926
Total other economic flows - Other comprehensive income		-	17,926
Comprehensive result		(2,449)	14,433

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Assets			
Financial assets			
Cash and deposits	16(a)	30,494	25,599
Receivables	5	8,765	6,883
Total financial assets		39,259	32,482
Non-financial assets			
Inventories	6	134	137
Non-financial assets classified as held-for-sale including disposal group assets	7(a)	400	1,075
Property, plant and equipment	8	295,719	296,924
Biological assets	9	276	283
Intangible assets	10	1,769	-
Other non-financial assets	11	913	1,130
Total non-financial assets		299,211	299,549
Total assets		338,470	332,031
Liabilities			
Payables	12	20,312	18,058
Provisions	13	15,358	15,544
Borrowings	14	17,820	11,000
Total liabilities		53,490	44,602
Net assets		284,980	287,429
Equity			
Accumulated surplus/(deficit)		40,459	42,908
Physical asset revaluation surplus	15(a)	212,840	212,840
Contributed capital		31,681	31,681
Net worth		284,980	287,429
Commitments for expenditure	17		
Contingent assets and contingent liabilities	18		

The balance sheet should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Physical asset revaluation surplus \$'000	Accumulated surplus \$'000	Contributions by owner \$'000	Total \$'000
At 1 January 2015		194,914	46,401	31,681	272,996
Net result for the year		-	(3,493)	-	(3,493)
Other comprehensive income for the year		17,926	-	-	17,926
Year ended 31 December 2015		212,840	42,908	31,681	287,429
Other comprehensive income for the year		-	(2,449)	-	(2,449)
Year ended 31 December 2016		212,840	40,459	31,681	284,980

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts			
Government contributions - operating	2(a)(i)	63,795	59,033
Government contributions - capital	2(a)(ii)	5,410	-
User fees and charges received		69,483	83,512
Interest received		310	164
Other receipts		-	369
Total receipts		138,998	143,078
Payments			
Payments to suppliers and employees		(134,459)	(136,068)
Goods and services tax paid to the ATO		(870)	(1,357)
Other payments		(267)	(292)
Total payments		(135,596)	(137,717)
Net cash flows from/(used in) operating activities	16(b)	3,402	5,361
Cash flows from investing activities			
Purchases of non-financial assets		(6,388)	(220)
Proceeds from sales of non-financial assets		1,061	202
Net cash provided by/(used in) investing activities		(5,327)	(18)
Cash flows from financing activities			
Proceeds from borrowings		6,820	8,000
Net cash flows from/(used in) financing activities		6,820	8,000
Net increase/(decrease) in cash and cash equivalents		4,895	13,343
Cash and cash equivalents at the beginning of the financial year		25,599	12,256
Cash and cash equivalents at the end of the financial year	16(a)	30,494	25,599

The above cash flow statement should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Melbourne Polytechnic.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2016 and the comparative information presented for the year ended 31 December 2015.

The following is a summary of the material accounting policies adopted by Melbourne Polytechnic in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

1.01 STATEMENT OF COMPLIANCE

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)* and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of the AASB 1049 Whole of Government and General Government Sector Financial Reporting.

For the purposes of preparing financial statements, Melbourne Polytechnic is classed as a not-for-profit entity. Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

1.02 BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are presented in Australian dollars, the functional and presentation currency of Melbourne Polytechnic, and have been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets. Exceptions to the historical cost convention include:

- ▶ non-financial physical assets that, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
- ▶ the fair value of an asset other than land is generally based on its depreciated replacement value;
- ▶ available-for-sale investments that are measured at fair value with movements reflected in 'other economic flows - other comprehensive income'.

CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- ▶ the fair value of land, buildings, infrastructure, plant and equipment;
- ▶ superannuation expense; and
- ▶ actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

FAIR VALUE MEASUREMENT

Consistent with AASB 13 Fair Value Measurement, Melbourne Polytechnic determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, biological assets, investment properties and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held-for-sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ▶ Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- ▶ Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Melbourne Polytechnic has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Melbourne Polytechnic determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Melbourne Polytechnic's independent valuation agency.

Melbourne Polytechnic, in conjunction with VGV monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

Fair value assessments have been performed at 31 December 2016 for Melbourne Polytechnic's land and buildings by applying the Valuer-General cumulative indexation factors for the calendar years 1 January 2016 to 31 December 2016 for land and cumulative indexation factors for the calendar years 1 January 2013 to 31 December 2016 for buildings. The assessment demonstrated that fair values for land and buildings was materially similar to carrying value, therefore a full revaluation of all campus buildings was not required. The next formal valuation of land and buildings will be required in 2017.

1.03 REPORTING ENTITY

The financial statements cover Melbourne Polytechnic as an individual reporting entity. Melbourne Polytechnic is a statutory body corporate, established pursuant to an act made by the Victorian Government under the *Education and Training Reform Act 2006*.

Its principal address is:
77 St Georges Road
Preston VIC 3072 AUSTRALIA

The financial statements include all the controlled activities of the entity.

1.04 BASIS OF CONSOLIDATION

In accordance with AASB 10 Consolidated Financial Statements:

- ▶ the consolidated financial statements of Melbourne Polytechnic include all reporting entities controlled by Melbourne Polytechnic as at 31 December 2016; and
- ▶ the consolidated financial statements exclude bodies that are not controlled by Melbourne Polytechnic, and therefore are not consolidated.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In preparing consolidated financial statements for Melbourne Polytechnic, all material transactions and balances between consolidated entities are eliminated.

Melbourne Polytechnic had no controlled entities as at 31 December 2016.

1.05 SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

GOVERNMENT CONTRIBUTIONS

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows - other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs.

'Other economic flows' are changes arising from market remeasurements. They include:

- ▶ gains and losses from disposals of non-financial assets;
- ▶ revaluations and impairments of non-financial physical and intangible assets;
- ▶ remeasurement arising from defined benefit superannuation plans;
- ▶ fair value changes of financial instruments and agricultural assets; and
- ▶ depletion of natural assets (non-produced) from their use or removal.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of Financial Statements.

BALANCE SHEET

Assets and liabilities are presented in liquidity order with assets aggregated into financial assets and non-financial assets.

Current and non-current assets and liabilities are disclosed in the notes, where relevant. In general, non-current assets or liabilities are expected to be recovered or settled more than 12 months after the reporting period, except for the provisions of employee benefits, which are classified as current liabilities if the Institute does not have the unconditional right to defer the settlement of the liabilities within 12 months after the end of the reporting period.

CASH FLOW STATEMENT

Cash flows are classified according to whether or not they arise from operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows. For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet.

STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity presents reconciliations of non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'comprehensive result' and amounts related to 'transactions with owner in its capacity as owner'.

1.06 EVENTS AFTER REPORTING DATE

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Melbourne Polytechnic and other parties, the transactions are only recognised when the agreement is irrevocable at or before balance date. Adjustments are made to amounts recognised in the financial statements for events that occur after the reporting date and before the date the statements are authorised for issue, where those events provide information about conditions that existed at the reporting date. Note disclosure is made about events between the reporting date and the date the statements are authorised for issue where the events relate to conditions that arose after the reporting date and are considered to be of material interest.

1.07 GOODS AND SERVICES TAX (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority is presented as operating cash flow.

Commitments and contingent assets or liabilities are presented on a gross basis.

1.08 INCOME FROM TRANSACTIONS

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value. Amounts disclosed as income are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of Melbourne Polytechnic's major activities as follows:

GOVERNMENT CONTRIBUTIONS

Government contributions are recognised as revenue in the period when Melbourne Polytechnic gains control of the contributions. Control is recognised upon receipt or notification by relevant authorities of the right to receive a contribution for the current period.

SALE OF GOODS AND SERVICES

(i) Student fees and charges

Fee for service revenue is recognised by reference to the percentage completion of each contract, i.e. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as Revenue in Advance.

(ii) Fee for service

Fee for service revenue is recognised by reference to the percentage completion of each contract, i.e. in the reporting period in which the services are rendered. Where fee for service revenue of a reciprocal nature has been clearly received in respect of programs or services to be delivered in the following year, such amounts are disclosed as Revenue in Advance.

(iii) Revenue from sale of goods

Revenue from sale of goods is recognised by Melbourne Polytechnic when:

- (a) the significant risks and rewards of ownership of the goods have transferred to the buyer;
- (b) Melbourne Polytechnic retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be reliably measured;
- (d) it is probable that the economic benefits associated with the transaction will flow to Melbourne Polytechnic; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

OTHER INCOME

Rental income

Rental income is recognised on a time-proportional basis and is brought to account when Melbourne Polytechnic's right to receive the rental is established.

Fair value of assets and services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

1.09 EXPENSES FROM TRANSACTIONS

Expenses from transactions are recognised as they are incurred, and reported in the financial year to which they relate.

EMPLOYEE BENEFITS

Expenses for employee benefits are recognised when incurred, except for contributions in respect of defined benefit plans.

RETIREMENT BENEFIT OBLIGATIONS

(i) Defined contribution plan

Contributions to defined contribution plans are expensed when they become payable.

(ii) Defined benefit plans

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents the contributions made by Melbourne Polytechnic to the superannuation plan in respect of current services of current Melbourne Polytechnic staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

Melbourne Polytechnic does not recognise any deferred liability in respect of the plan(s) because the Institute has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as and when they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its finance report.

DEPRECIATION AND AMORTISATION

Depreciation

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Depreciation methods and rates used for each class of depreciable assets are:

Class of asset	Useful life	Rate(s)
Buildings	50 years	2%
Plant and equipment	5-20 years	5%-20%
Motor vehicles	4-13 years	8%-25%
Library collections	5 years	20%
Major components - buildings	10-20 years	5%-10%

The assets' residual values and useful lives are reviewed and adjusted if appropriate on an annual basis.

Amortisation

Intangible assets with finite lives are amortised on a straight-line basis over the assets' useful lives. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired.

If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets are measured at cost less accumulated amortisation and impairment, and are amortised on a straight-line basis over their useful lives as follows:

	Useful life	Rates
Capitalised software development cost	3-5 years	20%-33%

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

INTEREST EXPENSE

Interest expense is recognised in the period in which it is incurred.

Interest expense includes interest on advances, loans, overdrafts, bonds and bills, deposit, interest components of finance lease repayments, and amortisation of discounts or premiums in relation to borrowings.

Grants and other transfers

Grants and other transfers to third parties are recognised as an expense in the reporting period in which they are paid or payable.

FAIR VALUE OF ASSETS AND SERVICES PROVIDED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

Resources provided free of charge or for nominal consideration are recognised at their fair value when Melbourne Polytechnic obtains control over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

1.10 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluations, impairments, and disposals of all physical assets and intangible assets.

DISPOSAL OF NON-FINANCIAL ASSETS

Any gain or loss on disposal of non-financial assets is recognised at the date control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at the time.

GAIN/(LOSS) ARISING FROM FAIR VALUE CHANGES OF BIOLOGICAL ASSETS

Biological assets are measured at fair value, and the resultant gain/(loss) is reported as an other economic flow.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are assessed annually for indications of impairment, except for:

- ▶ inventories;
- ▶ financial assets;
- ▶ certain biological assets related to agricultural activity; and
- ▶ non-current assets held-for-sale.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off by a charge to the comprehensive operating statement, except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash flows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposals of financial assets.

REVALUATIONS OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets, which is reported as part of income from transactions.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, the Institute assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as 'other economic flows'.

OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS

Other gains/(losses) from other economic flows include the gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of Financial Statements.

1.11 FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

CATEGORIES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1.10), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of the Institute's contractual payables, advances received and interest-bearing arrangements other than those designated at fair value through profit or loss.

1.12 FINANCIAL ASSETS

CASH AND DEPOSITS

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, that are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

RECEIVABLES

Receivables consist of:

- ▶ statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- ▶ contractual receivables, which include debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments are classified in the following categories:

- ▶ financial assets at fair value through profit or loss;
- ▶ loans and receivables;
- ▶ held-to-maturity investments; and
- ▶ available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the consolidated comprehensive operating statement as a transaction.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- ▶ the rights to receive cash flows from the asset have expired; or
- ▶ Melbourne Polytechnic retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- ▶ Melbourne Polytechnic has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Melbourne Polytechnic has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Institute's continuing involvement in the asset.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, the Institute assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as 'other economic flows' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

1.13 LEASES

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of property, plant and equipment are classified as finance infrastructure leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

OPERATING LEASES

Melbourne Polytechnic as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives is recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more representative of the time pattern over which the economic benefit of the leased asset is diminished.

Melbourne Polytechnic as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

1.14 NON-FINANCIAL ASSETS

INVENTORIES

Inventories include goods and other property held either for sale or for distribution at a zero or nominal cost, or for consumption in the ordinary course of business operations.

Inventories held-for-distribution are measured at cost and adjusted for any loss of service potential. All other inventories, including land held-for-sale, are measured at the lower of cost and net realisable value. Where Inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Cost, includes an appropriate portion of fixed and variable overhead expenses. Cost is assigned to a land held-for-sale (undeveloped, under development, developed) and to other high value, low volume inventory items on a specific identification of cost basis. Cost for all other inventory is measured on the basis of weighted average cost.

The basis used in assessing loss of service potential for inventories held-for-distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD-FOR-SALE, INCLUDING DISPOSAL GROUP ASSETS

Non-financial physical assets (including disposal group assets) are treated as current and classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- ▶ the asset is available for immediate use in the current condition; and
- ▶ the sale is highly probable and the asset's sale is expected to be completed within twelve months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

PROPERTY, PLANT AND EQUIPMENT

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

The initial cost for non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Non-financial physical assets such as national parks, other Crown land and heritage assets are measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset are not taken into account until it is virtually certain that the restrictions will no longer apply.

The fair value of cultural assets and collections, heritage assets and other non-financial physical assets that the State intends to preserve because of their unique historical, cultural or environmental attributes, is measured at the replacement cost of the asset less, where applicable, accumulated depreciation (calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset) and any accumulated impairment. These policies and any legislative limitations and restrictions imposed on their use and/or disposal may impact their fair value.

The fair value of infrastructure systems and plant, equipment and vehicles, is normally determined by reference to the asset's depreciated replacement cost, or where the infrastructure is held by a for-profit entity, the fair value may be derived from estimates of the present value of future cash flows. For plant, equipment and vehicles, existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

For the accounting policy on impairment of non-financial physical assets, refer to Note 1.09 on Impairment of non-financial assets.

LIBRARY COLLECTIONS

Library collections are measured at cost less accumulated depreciation.

LEASEHOLD IMPROVEMENTS

The cost of leasehold improvements is capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.

RESTRICTIVE NATURE OF CULTURAL AND HERITAGE ASSETS, CROWN LAND AND INFRASTRUCTURE

During the reporting period, the Institute holds cultural assets, heritage assets, and other non-financial physical assets (including Crown land and infrastructure assets) that the Institute intends to preserve because of their unique historical, cultural or environmental attributes.

In general, the fair value of those assets is measured at the depreciated replacement cost. However, the cost of some heritage and iconic assets may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials. In addition, as there are limitations and restrictions imposed on those assets' use and/or disposal, they may impact the fair value of those assets, and should be taken into account when the fair value is determined.

REVALUATIONS OF NON-FINANCIAL PHYSICAL ASSETS

Non-financial physical assets measured at fair value are revalued in accordance with Financial Reporting Directions (FRDs) issued by the Minister for Finance. A full revaluation normally occurs every five years, based upon the asset's government purpose classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value.

Revaluation increases are credited directly to equity in the revaluation reserve, except to the extent that an increase reverses a revaluation decrease in respect of that class of property, plant and equipment, previously recognised as an expense (other economic flows) in the net result. The increase is recognised as income (other economic flows) in determining the net result.

Net revaluation decrease is recognised in 'other economic flows - other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the net revaluation decreases are recognised immediately as other economic flows in the net result. The net revaluation decrease recognised in 'other economic flows - other comprehensive income' reduces the amount accumulated in equity under the asset revaluation surplus.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes. The asset revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

BIOLOGICAL ASSETS

Vineyard

Land under vine is measured at fair value and stated at valuations conducted at 31 December 2012 by the Valuer-General Victoria and assessed against indexation movements for subsequent years.

Vines are measured at fair value.

An increase or decrease in the fair value of these biological assets is recognised in the consolidated comprehensive operating statement as other economic flow.

INTANGIBLE ASSETS

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Institute.

When recognition criteria AASB 138 Intangible Assets are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the asset;
- (d) the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

PREPAYMENTS

Prepayments represent payments in advance of receipt of goods and services or that part of expenditure made in one accounting period covering a term extending beyond that period.

1.15 LIABILITIES

PAYABLES

Payables consist of:

- ▶ contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. Accounts payable represent liabilities for goods and services provided to Melbourne Polytechnic prior to the end of the financial year that are unpaid, and arise when the Institute becomes obliged to make future payments in respect of the purchase of those goods and services; and
- ▶ statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost because they do not arise from a contract.

PROVISIONS

Provisions are recognised when Melbourne Polytechnic has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

EMPLOYEE BENEFITS

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are all recognised in the provision for employee benefits as 'current liabilities', because Melbourne Polytechnic does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, and annual leave are measured at:

- ▶ undiscounted value - if Melbourne Polytechnic expects to wholly settle within 12 months; or
- ▶ present value - if Melbourne Polytechnic does not expect to wholly settle within 12 months.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where Melbourne Polytechnic does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of the current LSL liability are measured at:

- ▶ nominal value (undiscounted value) - component that is expected to be wholly settled within 12 months; and
- ▶ present value (discounted value) - component that is not expected to be wholly settled within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest for which it is then recognised as an other economic flow.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for termination of employment. Melbourne Polytechnic recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

EMPLOYEE BENEFITS ON-COSTS

Provision for on-costs such as payroll tax, workers compensation and superannuation are recognised separately from the provision of employee benefits.

PERFORMANCE PAYMENTS

Performance payments for Melbourne Polytechnic's Executive Officers are based on a percentage of the annual salary package provided under the contract of employment. Generally, a liability is provided for under the term of the contracts at reporting date and paid out in the next financial year. There are no performance payments provided for in these financials for the period ending 31 December 2016 (2015 - nil).

BORROWINGS

Borrowings are measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the estimated consolidated comprehensive operating statement.

ONEROUS CONTRACTS

An onerous contract is considered to exist where Melbourne Polytechnic has a contract under which the unavoidable costs of meeting the contractual obligations exceed the economic benefits estimated to be received. Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the economic benefits estimated to be received.

1.16 COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of note at their nominal value and inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

1.17 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 18) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of the GST receivable or payable respectively.

1.18 EQUITY

CONTRIBUTED CAPITAL

Funding that is in the nature of contributions by the Victorian State Government is treated as contributed capital when designated in accordance with UIG Interpretation 1038 Contribution by Owners Made to Wholly-Owned Public Sector Entities. Commonwealth capital funds are not affected and are treated as income.

1.19 FOREIGN CURRENCY TRANSLATIONS

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

1.20 MATERIALITY

In accordance with Accounting Standard AASB 108 Accounting Policies, Changes in Accounting Estimates and Error, when an Australian Accounting Standard specifically applies to a transaction, other event or condition, the accounting policies applied to that item shall be determined by applying the Standard, unless the effect of applying them is immaterial.

Accounting policies will be considered material if their omission or misstatement could, either individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

1.21 ROUNDING OF AMOUNTS

Amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

1.22 COMPARATIVE INFORMATION

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.23 CHANGE IN ACCOUNTING POLICY

There are no changes adopted in the current period.

1.24 NEW AND REVISED AASBs IN ISSUE BUT NOT YET EFFECTIVE

Certain new accounting standards and interpretations have been published that are not effective for the 31 December 2016 reporting period.

As at 31 December 2016 the following standards and interpretations (applicable to the Institute) had been issued but were not effective for the financial year ending 31 December 2016. The Institute has not, and does not intend to, adopt these standards early.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement. No change for lessors.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-19	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licences that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 1056 Superannuation Entities*	AASB 1056 replaces AAS 25 Financial Reporting by Superannuation Plans. The standard was developed in light of changes in recent years, developments in the superannuation industry and Australia's adoption of IFRS. Some of the key changes in AASB 1056 include: <ul style="list-style-type: none"> ▶ the level of integration between AASB 1056 and other AASB standards; ▶ a revised definition of a superannuation entity; ▶ revised and consistent content for the financial statements; ▶ use of fair value rather than net market value for measuring assets and liabilities; ▶ revised member liability recognition and measurement requirements; and ▶ revised disclosure principles. 	1-Jan-16	The assessment has indicated that there will be no impact on the entity, as the Accounting Standard only affects superannuation entities' own reporting.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 and AASB 128]	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: <ul style="list-style-type: none"> ▶ a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and ▶ a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. 	1-Jan-18	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 and AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities..	1-Jul-16	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1-Jan-17	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2016 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2016 reporting period and is considered to have insignificant impacts on public sector reporting.

- ▶ AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- ▶ AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- ▶ AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2015)
- ▶ AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2015) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 and 2010)]
- ▶ AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 and AASB 1049]
- ▶ AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- ▶ AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12, AASB 128] #
- ▶ AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
- ▶ AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- ▶ AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15
- ▶ AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Share-based Payment Transactions [AASB 2]

This Standard or Amendment may not be relevant to Victorian not-for-profit entities when operative.

NOTE 2 INCOME FROM TRANSACTIONS

	2016	2015
2 Income from transactions	\$'000	\$'000
(a) Grants and other transfers (other than contributions by owners)		
(i) Government contributions - operating		
State government - contestable ¹	29,679	32,591
Other contributions by State Government ¹	34,116	26,442
Total government contributions - operating	63,795	59,033
(ii) Government contributions - capital		
State capital	5,410	-
Total government contributions - capital	5,410	-
Total government contributions	69,205	59,033
(b) Sales of goods and services		
Student fees and charges	14,171	17,843
Rendering of services		
Fee for service - Government	17,209	19,100
Fee for service - International operations - onshore	10,127	9,713
Fee for service - International operations - offshore	3,857	5,124
Fee for service - other	12,162	22,362
Total rendering of services	43,355	56,299
Other non-course fees and charges		
Sale of goods	1,587	2,076
Total other fees and charges	1,587	2,076
Total revenue from sale of goods and services	59,113	76,218
(c) Interest Income		
Interest from financial assets not at fair value through P/L:		
Interest on bank deposits	355	165
Total interest from financial assets not at fair value through P/L	355	165
Net interest income	355	165
(d) Other income		
Rental income:		
Rent	1,561	1,201
Total rental income	1,561	1,201
Accommodation income	1,499	1,538
Donations, bequests and contributions	25	89
Childcare income	82	76
Other revenue	1,231	1,268
Total other income	4,398	4,172

¹ VTG Concession Default is classified as 'State Government - Contestable' in the 2016 accounts whereas it was classified as 'Other Contributions by State Government' in the 2015 accounts. The 2015 amounts above have been amended to reflect this reclassification enabling meaningful comparison.

NOTE 3 EXPENSES FROM TRANSACTIONS

	2016	2015
3 Expenses from transactions	\$'000	\$'000
(a) Employee expenses		
Salaries, wages, overtime and allowances	72,273	68,946
Superannuation	6,559	6,248
Payroll tax	3,762	3,608
Long service leave	(160)	683
Annual leave	177	(659)
Termination benefits	817	2,812
Other	643	734
Total employee expenses	84,071	82,372
(b) Depreciation and amortisation		
Depreciation of non-financial assets		
Buildings	4,028	4,070
Plant and equipment	1,175	1,552
Motor vehicles	180	209
Library collections	64	185
Leasehold improvements	219	-
Total depreciation	5,666	6,016
Amortisation of non-financial physical and intangible assets		
Software	19	-
Total amortisation	19	-
Total depreciation and amortisation	5,685	6,016
(c) Grants and other transfers (other than contributions by owners)		
Grants and subsidies apprentices and trainees	-	5
Total grants and other transfers	-	5
(d) Supplies and services		
Purchase of supplies and consumables	4,152	3,439
Communication expenses	617	692
Contract and other services	4,672	4,992
Cost of goods sold/distributed (ancillary trading)	2,933	3,433
Building repairs and maintenance	2,159	3,817
Fees and charges	3,765	6,755
Total supplies and services	18,298	23,128
(e) Other operating expenses		
General expenses		
Marketing and promotional expenses	4,363	2,140
Audit fees and services	42	44
Staff development	560	248
Travel and motor vehicle expenses	1,217	1,162
Consortium disbursements	5,683	6,060
Utilities	2,259	2,548
Third party payments	(82)	6,315
Foreign currency translation losses	47	14
Computer software and hardware expenses	4,461	4,776
Insurance expenses	439	484
Livestock expenses	13	893
Other expenses	2,572	3,051
Total other expenses	21,574	27,735
Operating lease rental expenses		
Lease payments	3,568	2,442
Total operating lease rental expenses	3,568	2,442
Subtotal	25,142	30,177
Equipment below capitalisation threshold	2,544	1,287
Total other operating expenses	27,686	31,464

NOTE 4 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULT

	2016	2015
	\$'000	\$'000
4 Other economic flows included in net result		
(a) Net gain/(loss) on non-financial assets (including PPE and intangible assets)		
Net gain/(loss) on disposal of property plant and equipment	247	69
Total net gain/(loss) on non-financial assets	247	69
(b) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability ¹	(64)	144
Bad debts	37	(314)
Total other gains/(losses) from other economic flows	(27)	(170)

¹ Revaluation gain/(loss) due to changes in bond rates.

NOTE 5 RECEIVABLES

	2016	2015
	\$'000	\$'000
5 Receivables		
Current receivables		
Contractual		
Sale of goods and services ¹	3,792	2,422
Provision for doubtful contractual receivables (See also Note 5(a) below)	(489)	(501)
Revenue receivable	5,152	4,790
Total contractual	8,455	6,711
Statutory		
GST receivable	310	172
Total statutory	310	172
Total current receivables	8,765	6,883
Total receivables	8,765	6,883

¹ The average credit period on sales of goods is 30 days. No interest is charged on overdue accounts. A provision has been made for estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience. The \$489,370 reduction was recognised in the operating result for the current financial year.

	2016	2015
	\$'000	\$'000
(a) Movement in the provision for doubtful contractual receivables		
Balance at beginning of the year	501	273
Reversal of unused provision recognised in the net result	(442)	(216)
Increase in provision recognised in the net result	489	501
Reversal of provision of receivables written off during the year as uncollectable	(59)	(57)
Balance at end of the year	489	501

(b) Ageing analysis of contractual receivables

Please refer to Note 21(ii) for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from contractual receivables

Please refer to Note 21(ii) for the nature and extent of credit risk arising from contractual receivables.

NOTE 6 INVENTORIES

	2016	2015
6 Inventories	\$'000	\$'000
Current		
List type of inventories held		
Printroom supplies	10	11
Hairdressing and beauty products	6	27
Hospitality supplies	61	47
Inventories held-for-sale:		
Nursery	33	28
Bookshop	24	24
Total current inventories	134	137

NOTE 7 NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD-FOR-SALE INCLUDING DISPOSAL GROUP AND DIRECTLY ASSOCIATED LIABILITIES

	2016	2015
7 Non-financial physical assets including disposal group assets classified as held-for-sale ¹	\$'000	\$'000
(a) Non-current assets:		
Freehold land held-for-sale	375	945
Buildings	25	130
Total non-financial physical assets classified as held-for-sale	400	1,075

(b) Fair value measurement of non-financial physical assets held-for-sale

The following table provides the fair value measurement hierarchy of the Institute's non-financial physical assets held-for-sale.

	Carrying amount as at 31 Dec 2016	Fair value hierarchy Level 3 Unobservable Inputs
	\$'000	\$'000
Freehold land held-for-sale	375	375
Buildings	25	25
Total	400	400

(b) Fair value measurement of non-financial physical assets held-for-sale

The following table provides the fair value measurement hierarchy of the Institute's non-financial physical assets held-for-sale.

	Carrying amount as at 31 Dec 2015	Fair value hierarchy Level 3 Unobservable Inputs
	\$'000	\$'000
Freehold land held-for-sale	945	945
Buildings	130	130
Total	1,075	1,075

¹ Melbourne Polytechnic deemed one property for sale at 31 December 2016.

91 St Georges Road is currently leased as residential property, awaiting re-zoning and will be put to public auction upon finalisation of re-zoning. Therefore, no buyer exists. Disposal is expected to take place in 2017.

Freehold land held-for-sale is reported at the lower of carrying amount or fair value less costs to sell. Refer to Note 8 (Property, plant and equipment) for the valuation technique applied to non specialised land.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

In accordance with government purpose classifications, the Institute's property, plant and equipment are assets used for the purpose of education. Property, plant and equipment includes all operational assets.

	Land at fair value ¹	Buildings ¹	Assets under construction	Plant and equipment	Motor vehicles	Leasehold improvements	Library collections	Total
(a) Property, plant and equipment	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2015								
Cost	-	-	-	23,464	2,539	479	4,819	31,301
Valuation	90,545	196,725	-	-	-	-	-	287,270
Accumulated depreciation	-	(8,456)	-	(17,978)	(1,818)	(479)	(4,474)	(33,205)
Net book amount	90,545	188,269	-	5,486	721	-	345	285,366
Year ended 31 December 2015								
Opening net book amount	90,545	188,269	-	5,486	721	-	345	285,366
Additions	-	-	-	86	98	-	33	217
Disposals/write-offs	-	(119)	-	(316)	(134)	-	-	(569)
Revaluation of PPE	17,926	-	-	-	-	-	-	17,926
Depreciation ²	-	(4,070)	-	(1,552)	(209)	-	(185)	(6,016)
Closing net book amount	108,471	184,080	-	3,704	476	-	193	296,924
At 31 December 2015								
Cost	-	2,026	-	22,802	2,274	-	4,852	31,954
Valuation	108,471	194,580	-	-	-	-	-	303,051
Accumulated depreciation	-	(12,526)	-	(19,098)	(1,798)	-	(4,659)	(38,081)
Net book amount	108,471	184,080	-	3,704	476	-	193	296,924
Year ended 31 December 2016								
Opening net book amount	108,471	184,080	-	3,704	476	-	193	296,924
Additions	-	-	2,794	288	206	1,193	27	4,508
Disposals	-	-	-	(18)	(29)	-	-	(47)
Depreciation ²	-	(4,028)	-	(1,175)	(180)	(219)	(64)	(5,666)
Closing net book amount	108,471	180,052	2,794	2,799	473	974	156	295,719
At 31 December 2016								
Cost	-	2,026	2,794	23,035	2,387	1,193	4,879	36,314
Valuation	108,471	194,580	-	-	-	-	-	303,051
Accumulated depreciation	-	(16,554)	-	(20,236)	(1,914)	(219)	(4,723)	(43,646)
Net book value at the end of the financial year	108,471	180,052	2,794	2,799	473	974	156	295,719

¹ Fair value assessments have been performed at 31 December 2016 for Melbourne Polytechnic's land and buildings by applying the Valuer-General indexation factors. The assessment demonstrated that fair values for land and buildings was materially similar to carrying value, therefore a full revaluation of all campus land buildings was not required. The next formal valuation of land and buildings will be required in 2017.

² The useful lives of assets as stated in Note 1 are used in the calculation of depreciation as shown in Note 3(b).

Restricted assets

The Institute held \$37,290,000 worth of properties listed as heritage assets. These heritage assets cannot be modified or disposed of without Ministerial approval.

(b) Fair value measurement hierarchy for assets classified in accordance with the fair value hierarchy, see Note 1.	Carrying amount as at 31 Dec 2016 \$'000	Fair value hierarchy			Carrying amount as at 31 Dec 2015 \$'000	Fair value hierarchy		
		Level 1 Quoted prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Unobservable inputs \$'000		Level 1 Quoted prices \$'000	Level 2 Observable price inputs \$'000	Level 3 Unobservable inputs \$'000
Land at fair value:								
Specialised land	108,471	-	-	108,471	108,471	-	-	108,471
Total of land at fair value	108,471	-	-	108,471	108,471	-	-	108,471
Buildings at fair value:								
Specialised buildings	142,762	-	-	142,762	146,790	-	-	146,790
Heritage assets	37,290	-	-	37,290	37,290	-	-	37,290
Total of buildings at fair value	180,052	-	-	180,052	184,080	-	-	184,080
Assets under construction at fair value:								
Capital work in progress	2,794	-	-	2,794	-	-	-	-
Total of assets under construction	2,794	-	-	2,794	-	-	-	-
Plant, equipment and vehicles at fair value:								
Vehicles	473	-	-	473	476	-	-	476
Plant and equipment	2,799	-	-	2,799	3,704	-	-	3,704
Total of plant, equipment and vehicles at fair value	3,272	-	-	3,272	4,180	-	-	4,180
Leasehold improvements at fair value:								
Leasehold assets	974	-	-	974	-	-	-	-
Total of Leasehold improvements	974	-	-	974	-	-	-	-
Cultural assets at fair value:								
Library collections	156	-	-	156	193	-	-	193
Total of cultural assets at fair value	156	-	-	156	193	-	-	193
Total assets at fair value	295,719			295,719	296,924			296,924

There were no transfers between Levels during the year.

(c) Valuations of Property, Plant and Equipment

Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of the Institute's specialised buildings, the depreciated replacement cost method is used. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the Institute's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 31 December 2012.

Heritage assets

Heritage assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

An independent valuation of the Institute's heritage assets was performed by the Valuer-General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 31 December 2012.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

Vehicles

Vehicles are valued using the depreciated replacement cost method. The Institute acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by Melbourne Polytechnic who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Assets under construction

Assets under construction are held at cost. The Institute transfers assets into and out of assets under construction when they are ready for use. There were no changes in valuation techniques throughout the period to 31 December 2015.

Leasehold improvements

Leasehold improvements are held at cost. The process of acquisition, use and disposal in the market is managed by Melbourne Polytechnic who set relevant depreciation rates during use to reflect the life of the leasing agreement. There were no changes in valuation techniques throughout the period to 31 December 2016.

For all assets measured at fair value, the current use is considered the highest and best use.

(d) Reconciliation of Level 3 fair value as at 31 December 2016	Specialised land \$'000	Specialised buildings \$'000	Heritage assets \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Library collections \$'000	Assets under construction \$'000	Leasehold improvements \$'000
Opening balance	108,471	146,790	37,290	3,704	476	193	-	-
Purchases (sales)	-	-	-	288	206	27	2,794	1,193
Gains or losses recognised in net result	-	-	-	(18)	(29)	-	-	-
Depreciation	-	(4,028)	-	(1,175)	(180)	(64)	-	(219)
Impairment loss	-	-	-	-	-	-	-	-
Subtotal	108,471	142,762	37,290	2,799	473	156	2,794	974
Closing balance	108,471	142,762	37,290	2,799	473	156	2,794	974

Reconciliation of Level 3 fair value as at 31 December 2015	Specialised land \$'000	Specialised buildings \$'000	Heritage assets \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Library collections \$'000
Opening balance	90,545	150,979	37,290	5,486	721	345
Purchases (sales)	-	-	-	86	98	33
Gains or losses recognised in net result	-	-	-	(152)	(134)	-
Depreciation	-	(4,070)	-	(1,552)	(209)	(185)
Impairment loss	-	(119)	-	(164)	-	-
Subtotal	90,545	146,790	37,290	3,704	476	193
Revaluation	17,926	-	-	-	-	-
Closing balance	108,471	146,790	37,290	3,704	476	193

(e) Description of significant unobservable inputs to Level 3 valuations 2016 and 2015	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Useful life of specialised buildings
Heritage assets	Depreciated replacement cost	Useful life of heritage buildings
Plant and equipment	Depreciated replacement cost	Useful life plant and equipment
Motor vehicles	Depreciated replacement cost	Useful life of vehicles
Library collections	Depreciated replacement cost	Useful life of library books
Assets under construction	Depreciated replacement cost	Useful life of the asset once it's ready for use
Leasehold improvements	Depreciated replacement cost	Useful life of lease

- Notes:**
- CSO adjustments ranging from 50 per cent to 70 per cent were applied to reduce the market approach value for the Institute's specialised land, with the weighted average 60 per cent reduction applied.
 - For some heritage and iconic assets, cost may be the reproduction cost of the asset rather than the replacement cost if their service potential could only be replaced by reproducing them with the same materials.

The significant unobservable inputs have remained unchanged from 2015.

NOTE 9 BIOLOGICAL ASSETS

	2016	2015
(a) Groups of biological assets	Quantity	Quantity
Vineyard production (tonnes harvested)	71	23
Horses (by headcount)	27	21
Bulls (by headcount)	2	4
Cattle (by headcount)	209	229
Sheep (by headcount)	261	120

	2016	2015
(b) Reconciliation of carrying amount	\$'000	\$'000
Movement in carrying amounts of aged vines:		
Carrying amount at beginning of period	227	227
Carrying amount at end of period	227	227
Movement in carrying amounts of livestock:		
Carrying amount at beginning of period	56	1,926
Increases due to births	8	5
Increases due to purchases	6	-
Decreases attributable to disposal/transfers out	(18)	(1,865)
Decreases attributable to deaths	(2)	(5)
Other	-	(5)
Carrying amount at end of period	49	56
Total biological assets	276	283

(c) Nature of activities

Melbourne Polytechnic is involved in grape production and management of vineyards for educational purposes. The Institute also maintains various categories of animals (livestock) for educational purposes.

Melbourne Polytechnic utilises the above facilities and resources in order to deliver educational programs related to equine, aquaculture and agriculture.

(d) Financial risk management strategies

Melbourne Polytechnic is exposed to financial risks in respect of its biological activities, in particular, grape production. The primary financial risk in relation to grape production occurs due to the volatile climatic conditions that can affect production levels from year to year. Exposure to financial risk also emerges due to weak wine turnover throughout the year.

	Carrying amount as at 31 December 2016 \$'000	Fair value hierarchy Level 3 Unobservable Inputs \$'000
(e) Fair value measurement hierarchy for assets as at 31 December 2016		
Land under vine	227	227
Livestock	49	49

	Carrying amount as at 31 December 2015 \$'000	Fair value hierarchy Level 3 Unobservable Inputs \$'000
(e) Fair value measurement hierarchy for assets as at 31 December 2015		
Land under vine	227	227
Livestock	56	56

There were no transfers between Levels during the year.

There were no changes in valuation techniques throughout the period to 31 December 2016.

(f) Valuations of biological assets

Land under vine

Land under vine is measured at fair value and stated at valuations conducted at 31 December 2012 by the Valuer-General Victoria and assessed against indexation annually based on Valuer-General indexation movements for subsequent years.

Animals

The fair value of a biological asset is based on its present location and condition. If an active market exists for a biological asset in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. Where access exists to different markets then the most relevant market is referenced.

To ascertain the 'fair market value' of each individual animal, the following criteria/aspects are utilised:

- ▶ initial purchase price
- ▶ age of each animal
- ▶ pedigree
- ▶ production history
- ▶ market value trends
- ▶ current confirmation of the animal and physical type
- ▶ progeny sales and demand.

For all assets measured at fair value, the current use is considered the highest and best use.

NOTE 10 INTANGIBLE ASSETS

	Software	Development Costs	Total
Year ended 31 December 2016	\$'000	\$'000	\$'000
Gross carrying amount			
Additions	187	1,601	1,788
Closing balance	187	1,601	1,788
Accumulated depreciation, amortisation and impairment			
Depreciation of intangible produced assets ¹	(19)	-	(19)
Closing balance	(19)	-	(19)
Net book value at end of financial year	168	1,601	1,769

¹ The consumption of intangible produced assets is included in 'depreciation' line item, whereas the consumption of the intangible non-produced assets is included in 'net gain/(loss) on non financial assets' line item on the comprehensive operating statement.

NOTE 11 OTHER NON-FINANCIAL ASSETS

	2016	2015
11 Other non-financial assets	\$'000	\$'000
Current other non-financial assets		
Prepayments	913	1,130
Total other non-financial assets	913	1,130

NOTE 12 PAYABLES

	2016	2015
12 Payables	\$'000	\$'000
Current		
Contractual		
Supplies and services ¹	14,974	12,581
Revenue in advance	5,292	5,402
	20,266	17,983
Statutory		
FBT payable	46	75
Total current payables	20,312	18,058
Total payables	20,312	18,058

¹ The average credit period is 30 days. No interest is charged on payables.

Notes:

(a) Maturity analysis of contractual payables

Please refer to Note 21(iii) for the maturity analysis of contractual payables.

(b) Nature and extent of risk arising from contractual payables

Please refer to Note 21(iii) for the nature and extent of risks arising from contractual payables.

NOTE 13 PROVISIONS

	2016	2015
13 Provisions	\$'000	\$'000
Current provisions		
Employee benefits (Note 13(a))¹		
Annual leave (Note 13(a)):		
Unconditional and expected to wholly settle within 12 months ¹	2,318	2,211
Unconditional and expected to wholly settle after 12 months ¹	1,163	1,131
Long service leave (Note 13(a)):		
Unconditional and expected to wholly settle within 12 months ¹	1,529	1,635
Unconditional and expected to wholly settle after 12 months ¹	6,702	6,821
	11,712	11,798
Provisions for on-costs (Note 13(a) and Note 13(b)):		
Unconditional and expected to wholly settle within 12 months ¹	822	806
Unconditional and expected to wholly settle after 12 months ¹	1,219	1,232
	2,041	2,038
Onerous lease contracts (Note 13(b) and Note 19)²	132	268
Total current provisions	13,885	14,104
Non-current		
Employee benefits (Note 13(a)) ¹	1,274	1,245
On-costs (Note 13(a) and Note 13(b))	199	195
Total non-current provisions	1,473	1,440
Total provisions	15,358	15,544

¹ Employee benefit provisions are reported as current liabilities where Melbourne Polytechnic does not have an unconditional right to defer settlement for at least 12 months. Consequently, the current portion of the employee benefit provision includes both short-term benefits that are measured at nominal values and long-term benefits that are measured at present values.

² The provision for onerous lease contracts is in relation to a rental agreement for equipment that is no longer being used by Melbourne Polytechnic. The provision represents the estimated 'buy-out' costs associated with the non-cancellable rental agreement.

	2016	2015
(a) Employee benefits and on-costs ¹	\$'000	\$'000
Current employee benefits		
Annual leave	3,481	3,342
Long service leave	8,231	8,456
	11,712	11,798
Non-current employee benefits		
Long service leave	1,274	1,245
Total employee benefits	12,986	13,043
Current on-costs	2,041	2,038
Non-current on-costs	199	195
Total on-costs	2,240	2,233
Total employee benefits and on-costs	15,226	15,276

¹ Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and workers compensation insurance are not employee benefits and are recognised as a separate provision.

(b) Movement in provisions	2016		
	On-costs	Onerous lease contracts	Total
Opening balance	2,233	268	2,501
Additional provisions recognised	7	132	139
Reductions arising from payments/other sacrifices of future economic benefits	-	(268)	(268)
Closing balance	2,240	132	2,372

NOTE 14 BORROWINGS

	2016	2015
14 Borrowings	\$'000	\$'000
Current		
Advances from government ¹	274	-
Total current borrowings	274	-
Non-current		
Advances from government ¹	17,546	11,000
Total non-current borrowings	17,546	11,000
Total borrowings	17,820	11,000

¹ At the commencement of 2014, the Department of Education and Training provided a \$16 million interest-free unsecured loan facility to support Melbourne Polytechnic's short-term solvency. The loan is repayable by January 2018. Greener Government Buildings provided Melbourne Polytechnic with a \$1.8 million interest-free loan to improve the energy efficiency of existing buildings to reduce operating costs and greenhouse gas emissions.

(a) Maturity analysis of borrowings

Please refer to Note 21(iii) for the maturity analysis of borrowings.

(b) Nature and extent of risk arising from borrowings

Please refer to Note 21(iii) for the nature and extent of risk arising from borrowings.

(c) Default and breaches

During the current and prior years, there were no defaults and breaches of any of the loans.

NOTE 15 RESERVES

	2016	2015
15 Reserves	\$'000	\$'000
(a) Physical asset revaluation surplus:¹		
Balance at 1 January	212,840	194,914
Revaluation increments/(decrements)	-	17,926
Balance at 31 December	212,840	212,840
Net changes in reserves	212,840	212,840

¹ The physical asset revaluation surplus arises on the revaluation of land and buildings. As at 31 December 2014 land and buildings for Melbourne Polytechnic's Greensborough campus and specific held-for-sale assets were revalued by the Valuer-General Victoria. Refer to Notes 7 and 8.

NOTE 16 CASH FLOW INFORMATION

	2016	2015
16 Cash flow information	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Total cash and deposits disclosed in the balance sheet ¹	30,494	25,599
Balance as per cash flow statement	30,494	25,599

¹ Melbourne Polytechnic does not hold a large cash reserve in its bank accounts. Cash received by the Institute from the generation of income is generally paid into the Institute's bank accounts. Similarly, any Institute expenditure, including those in the form of cheques drawn by the Institute for the payment of goods and services to its suppliers and creditors are made via the Institute's bank accounts. Cash reserves above those required for operating purposes is moved into interest bearing deposits.

	2016	2015
(b) Reconciliation of net result for the period	\$'000	\$'000
Net result for the year	(2,449)	(3,493)
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	(247)	(69)
Depreciation and amortisation of non-current assets	5,685	6,016
Movements in assets and liabilities		
Decrease/(increase) in trade receivables	(1,882)	(1,582)
Decrease/(increase) in inventories	3	46
Decrease/(increase) in biological assets	7	1,870
Decrease/(increase) in other assets	217	267
Increase/(decrease) in payables	2,254	2,157
Increase/(decrease) in provisions	(186)	149
Net cash flows from/(used in) operating activities	3,402	5,361

NOTE 17 COMMITMENTS FOR EXPENDITURE

	2016	2015
	\$'000	\$'000
17 Commitments for expenditure		
(a) Capital expenditure commitments payable		
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:		
Property, Plant and Equipment		
Payable:		
Within one year	2,142	-
Net commitments property, plant and equipment	2,142	-
Intangible assets		
Payable:		
Within one year	1,353	-
Net commitments intangible assets	1,353	-
Total capital expenditure commitments	3,495	-
(b) Non-cancellable operating lease commitments payable ¹		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	3,205	2,547
Later than one year but not later than five years	4,187	2,025
Total commitments non-cancellable operating leases	7,392	4,572
(c) Other expenditure commitments		
Commitments for contracts and agreements not covered by the above categories in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	1,579	-
Later than one year but not later than five years	4,549	-
Total commitments other expenditure commitments	6,128	-
Total commitments	17,015	4,572

All amounts are GST exclusive.

¹ Melbourne Polytechnic leases certain land, buildings and equipment to meet current teaching requirements, at current market rates.

NOTE 18 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Melbourne Polytechnic contracted with a third party to deliver vocational training on its behalf. The arrangement was discontinued by Melbourne Polytechnic following concerns around quality and contract performance by that third party. It is not yet possible to make a meaningful assessment of the financial impact (if any) to Melbourne Polytechnic in relation to this arrangement.

NOTE 19 LEASES

(i) Operating leases - Melbourne Polytechnic as lessee

Refer to Note 17 (Commitments for expenditure).

(ii) Operating leases - Melbourne Polytechnic as lessor

Melbourne Polytechnic leases out certain land, buildings and equipment, which are excess to current requirements, at current market rates.

Leasing arrangements

As at the reporting date Melbourne Polytechnic leased out various educational facilities.

	2016	2015
	\$'000	\$'000
Non-cancellable operating lease receivables		
Payments due		
Within one year	1,074	521
Later than one year but not later than five years	1,263	1,347
Later than five years	602	544
Total non-cancellable operating lease receivables	2,939	2,412
Net operating lease receivables ¹	2,939	2,412

¹ Net operating lease receivables are GST exclusive.

NOTE 20 SUPERANNUATION

Employees of Melbourne Polytechnic are entitled to receive superannuation benefits and the Institute contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

Melbourne Polytechnic does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance recognises and discloses the State's defined benefit liabilities in its financial statements.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Institute.

The name and details of the major employee superannuation funds and contributions made by Melbourne Polytechnic are as follows:

	2016	2015
20 Superannuation	\$'000	\$'000
Paid contribution for the year		
Defined benefit plans:		
State Superannuation Fund - revised and new	66	519
Other	374	10
Total defined benefit plans	440	529
Defined contribution plans:		
VicSuper	3,595	3,481
Other	2,604	2,126
Total defined contribution plans	6,199	5,607
Total paid contribution for the year	6,639	6,136

Melbourne Polytechnic does not have any contributions outstanding to the above funds and there have been no loans made from the funds. The basis for contributions is determined by the various schemes.

NOTE 21 FINANCIAL INSTRUMENTS

(i) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Melbourne Polytechnic's principal financial instruments comprise cash assets, receivables (excluding statutory receivables), payables (excluding statutory payables) and borrowings.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements.

Melbourne Polytechnic's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Melbourne Polytechnic's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Institute. The Institute uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

Primary responsibility for the identification and management of financial risks rests with the Audit and Risk Committee of Melbourne Polytechnic with oversight by the Board.

The carrying amounts of the Institute's contractual financial assets and financial liabilities by category are disclosed below:

Carrying amount of financial instruments by category	Note	2016 \$'000	2015 \$'000
(a) Financial Assets			
Loans and Receivables			
Cash and deposits		30,494	25,599
Receivables	5	8,455	6,711
Total loans and receivables		38,949	32,310
Total financial assets		38,949	32,310
(b) Financial liabilities			
Payables ¹	12	14,974	12,581
Borrowings	14	17,820	11,000
Total financial liabilities at amortised cost		32,794	23,581
Total financial liabilities		32,794	23,581

¹ Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

(II) CREDIT RISK

Credit risk arises from the contractual financial assets of Melbourne Polytechnic, which comprise cash and deposits, and non-statutory receivables. Melbourne Polytechnic's exposure to credit risk arises from the potential default of a counterparty on their contractual obligations resulting in financial loss to the Institute.

Credit risk associated with Melbourne Polytechnic's trade receivables is managed in the following ways:

- ▶ payment terms are 30 days from date of invoice;
- ▶ debtors with accounts in excess of 60 days are sent a statement of account, including terms of payment;
- ▶ debtors with arrears are sent a reminder notice indicating a further seven days to make payment; and
- ▶ debtors that represent government departments or agencies are managed by Melbourne Polytechnic directly with government or agency contacts.

Melbourne Polytechnic does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Institute.

Melbourne Polytechnic minimises credit risk in relation to student loans receivable in the following ways:

- ▶ specific loan conditions have been established, which are applicable to all loans;
- ▶ all loan monies are related to the cost of student tuition and amenities fees;
- ▶ a schedule of repayment is agreed with the student at the time of application; and
- ▶ where a student falls behind in repayments, a process is implemented that includes reminder letters, individual interview, repayment rescheduling and, if necessary, contacting guarantors.

In addition, Melbourne Polytechnic does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. The Institute's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Melbourne Polytechnic will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts that are more than 60 days overdue, and changes in debtor credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Melbourne Polytechnic's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There are no material financial assets that are individually determined to be impaired. Currently Melbourne Polytechnic does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

There has been no significant change in Melbourne Polytechnic's exposure, or its objectives, policies and processes for managing credit risk or the methods used to measure this risk from the previous reporting period.

Credit quality of contractual financial assets that are neither past due nor impaired ¹	Financial institutions (AAA rating) \$'000	Government agencies (AAA rating) \$'000	Other counterparty \$'000	Total \$'000
2016				
Cash and deposits ³	-	-	30,494	30,494
Receivables	-	-	8,455	8,455
Total contractual financial assets 2016	-	-	38,949	38,949
2015				
Cash and deposits ²	-	-	25,599	25,599
Receivables	-	-	6,711	6,711
Total contractual financial assets 2015	-	-	32,310	32,310

¹ The total amounts disclosed here exclude statutory amounts (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

² Subsequent to 31 December 2015, Melbourne Polytechnic invested \$12 million with a Government agency.

³ Subsequent to 31 December 2016, Melbourne Polytechnic invested \$12 million with a Government agency.

AGEING ANALYSIS OF FINANCIAL ASSETS

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

The following table discloses the ageing analysis for Melbourne Polytechnic's financial assets.

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired				Impaired financial assets \$'000
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	
2016 Financial assets							
Receivables:¹							
Trade receivables	3,303	3,017	146	629	-	-	(489)
Total 2016 financial assets	3,303	3,017	146	629	-	-	(489)
2015 Financial assets							
Receivables:¹							
Trade receivables	1,921	1,998	150	127	147	-	(501)
Total 2015 financial assets	1,921	1,998	150	127	147	-	(501)

¹ Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

(III) LIQUIDITY RISK

Liquidity risk is the risk that Melbourne Polytechnic would be unable to meet its financial obligations as and when they fall due. Melbourne Polytechnic operates under a payments policy of settling financial obligations 30 days from the date of the invoice.

Melbourne Polytechnic's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

The responsibility for liquidity risk management rests with Melbourne Polytechnic's board, which has built an appropriate liquidity risk management framework for the management of the short, medium and long-term funding and liquidity requirements. Melbourne Polytechnic manages liquidity risk by continuously monitoring forecast and actual cash flows.

Melbourne Polytechnic has not established a standby facility to provide short-term cash, however it meets regularly with the Department of Education and Training to monitor cash flow. As at 31 December 2016, the Department of Education and Training has provided a \$16 million loan facility to support Melbourne Polytechnic's short-term solvency. Refer to Note 14.

There has been no significant change in Melbourne Polytechnic's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The carrying amount detailed in the following table of contractual financial liabilities recorded in the financial statements represents Melbourne Polytechnic's maximum exposure to liquidity risk.

The following table discloses the contractual maturity analysis for Melbourne Polytechnic's financial liabilities.

	Carrying amount	Nominal amount	Maturity dates				
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2016 Financial liabilities							
Payables:¹							
Supplies and services	14,974	14,974	13,171	1,803	-	-	-
Borrowings							
Advances from government	17,820	17,820	274	-	-	16,916	630
Total 2016 financial liabilities	32,794	32,794	13,445	1,803	-	16,916	630
2015 Financial liabilities							
Payables:¹							
Supplies and services	12,581	12,581	11,446	1,135	-	-	-
Borrowings							
Advances from government	11,000	11,000	-	-	-	11,000	-
Total 2015 financial liabilities	23,581	23,581	11,446	1,135	-	11,000	-

¹ Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

(IV) MARKET RISK

Melbourne Polytechnic in its daily operations is exposed to a number of market risks. Market risks relate to the risk that market rates and prices will change and that this will have an adverse effect on the operating result and/or net worth of Melbourne Polytechnic. e.g. an adverse movement in interest rates or foreign currency exchange rates.

Melbourne Polytechnic's exposures to market risk are primarily through foreign currency risk and interest rate risk. The objectives, policies and processes used to manage each of these risks are disclosed below.

The Board ensures that all market risk exposure is consistent with Melbourne Polytechnic's business strategy and within the risk tolerance of the Institute. Regular risk reports are presented to the Board.

There has been no significant change to Melbourne Polytechnic's exposure, or its objectives, policies and processes for managing market risk or the methods used to measure this risk from the previous reporting period.

FOREIGN CURRENCY RISK

Melbourne Polytechnic is exposed to foreign currency risk mainly through the delivery of services in currencies other than the Australian Dollar.

Melbourne Polytechnic's exposures are mainly against the Chinese Yuan Renminbi (RMB) and are managed through continuous monitoring of movements in exchange rates against the AUD, and by ensuring availability of funds through rigorous cash flow planning and monitoring. Based on past and current assessments of economic outlook, it is deemed unnecessary for Melbourne Polytechnic to enter into any hedging arrangements to manage foreign currency risk.

There has been no significant change in Melbourne Polytechnic's exposure, or its objectives, policies and processes for managing foreign currency risk or the methods used to measure this risk from the previous reporting period.

INTEREST RATE RISK

Interest rate risk arises from the potential for a change in interest rates to change the expected net interest earnings in the current reporting period and in future years, or cause a fluctuation in the fair value of the financial instruments.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Melbourne Polytechnic does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Melbourne Polytechnic has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rate.

There has been no significant change in Melbourne Polytechnic's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on Melbourne Polytechnic's year-end result.

Melbourne Polytechnic's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are set out in the financial instrument composition and maturity analysis table below.

Financial instrument composition and interest rate exposure	Weighted average effective rate %	Total carrying amount per balance sheet \$'000	Interest rate exposure		
			Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000
2016					
Financial assets					
Cash and deposits					
Cash at bank and on hand	0.10	25,894	25,461	-	433
Deposits at call	1.75	4,600	4,600	-	-
Receivables:¹					
Trade receivables	-	3,303	-	-	-
Revenue receivables	-	5,152	-	-	-
Total financial assets		38,949	30,061	-	433
Financial liabilities					
Payables:¹					
Supplies and services	-	14,974	-	-	14,974
Borrowings					
Advances from government	-	17,820	-	-	17,820
Total financial liabilities		32,794	-	-	32,794
2015					
Financial assets					
Cash and deposits					
Cash at bank and on hand	0.10	1,099	989	-	110
Deposits at call	0.80	24,500	24,500	-	-
Receivables:¹					
Trade receivables	-	1,921	-	-	1,921
Revenue receivables	-	4,790	-	-	4,790
Total financial assets		32,310	25,489	-	6,821
Financial liabilities					
Payables:¹					
Trade and other	-	12,581	-	-	12,581
Borrowings					
Advances from government	-	11,000	-	-	11,000
Total financial liabilities		23,581	-	-	23,581

¹ Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

(V) SENSITIVITY ANALYSIS AND ASSUMPTIONS

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Melbourne Polytechnic believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia).

- ▶ a parallel shift of +0.5 per cent and -0.5 per cent in market interest rates [AUD] from year-end rates of 1.5 per cent (2015: 0.5 per cent up and down).

The following tables disclose the impact on net result and equity for each category of financial instrument held by Melbourne Polytechnic at the end of the reporting period as presented to key management personnel, if the above movements were to occur.

	Carrying amount \$'000	Interest rate risk			
		- 50 basis points		+ 50 basis points	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
31 December 2016					
Contractual financial assets					
Cash Management account	25,894	(129)	(129)	129	129
Bank deposits at call	4,600	(23)	(23)	23	23
Total increase/(decrease) in financial assets	30,494	(152)	(152)	152	152
Total increase/(decrease)	30,494	(152)	(152)	152	152
31 December 2015					
Contractual financial assets					
Cash Management account	1,099	(5)	(5)	5	5
Bank deposits at call	24,500	(123)	(123)	123	123
Total increase/(decrease) in financial assets	25,599	(128)	(128)	128	128
Total increase/(decrease)	25,599	(128)	(128)	128	128

(VI) FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Melbourne Polytechnic considers that the carrying amount of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables and payables.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value, and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

For other assets and other liabilities the fair value approximates their carrying value. Financial assets where the carrying amount exceeds fair values have not been written down as the Institute intends to hold these assets to maturity.

	2016		2015	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and deposits	30,494	30,494	25,599	25,599
Receivables: ¹				
Trade receivables	3,303	3,303	1,921	1,921
Revenue receivables	5,152	5,152	4,790	4,790
Total financial assets	38,949	38,949	32,310	32,310
Financial liabilities				
Payables: ¹				
Supplies and services	14,974	14,974	12,581	12,581
Borrowings				
Advances from government	17,820	17,820	11,000	11,000
Total financial liabilities	32,794	32,794	23,581	23,581

¹ Receivables and payables disclosed here exclude statutory receivables and statutory payables (e.g. amounts owing to/from Victorian Government, GST input tax credit recoverable and taxes payable).

The Institute did not have any financial instruments that are measured subsequent to initial recognition at fair value as at 31 December 2016.

NOTE 22 RESPONSIBLE PERSONS AND EXECUTIVE OFFICERS

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding Responsible Persons and Executive Officers for the reporting period.

(I) NAMES

The persons who held the positions of Ministers and Accountable Officers in the Department are as follows:

Minister for Training and Skills	Hon. Steve Herbert, MP	1 January to 9 November 2016
Minister for Training and Skills	Hon. Gayle Tierney, MP	9 November to 31 December 2016
Chief Executive Officer (Accountable Officer)	Robert Wood	1 January to 31 December 2016
Board Chairman	John Gibbins	1 January to 30 June 2016
Board Chairman	Bill Forwood	1 July to 31 December 2016
Board Director	Alexandra Forbes	1 January to 31 December 2016
Board Director	Jim Pasinis	1 January to 31 December 2016
Board Director	Arianne Rose	1 January to 31 December 2016
Board Director	Fiona McNabb	1 January to 31 December 2016
Board Director	Paul Shannon	1 January to 30 June 2016
Board Director	David Finlay	1 January to 30 June 2016
Board Director	Tony Nippard	1 January to 30 June 2016
Board Director	David Bristow	1 January to 30 June 2016
Board Director	Joe Dicks	1 July to 31 December 2016
Board Director	Mel Riel	1 July to 31 December 2016
Board Director	Lee Astheimer	13 July to 31 December 2016
Board Director	Ian Munro	30 July to 31 December 2016

(II) REMUNERATION

Remuneration received or receivable by the Responsible Persons and Accountable Officers, excluding the responsible Minister during the reporting period was in the range:

	2016	2015
	No.	No.
Income range		
The number of board members whose total remuneration from the Institute was within the specified income bands are as follows:		
\$20,000 - \$29,999	12	7
\$30,000 - \$39,999	-	6
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	1	1
Total numbers	14	14
Total remuneration (\$'000)	464	460

(III) EXECUTIVE OFFICERS

REMUNERATION OF EXECUTIVE OFFICERS

The number of Executive Officers, including the Chief Executive Officer, and their total remuneration during the reporting period is shown in the first two columns in the table on page 66 in their relevant income bands.

The base remuneration of Executive Officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

The total annualised employee equivalent provides a measure of full-time-equivalent Executive Officers over the reporting period.

	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
Income range				
The number of Executive Officers whose total remuneration from the Institute exceeded \$100,000:				
\$120,000 - \$129,999	-	-	1	3
\$130,000 - \$139,999	-	-	6	1
\$140,000 - \$149,999	1	-	2	1
\$150,000 - \$159,999	6	1	7	7
\$160,000 - \$169,999	3	2	5	2
\$170,000 - \$179,999	6	10	2	2
\$180,000 - \$189,999	5	2	-	-
\$190,000 - \$199,999	2	-	2	-
\$210,000 - \$219,999	1	-	-	1
\$220,000 - \$229,999	1	-	2	2
\$230,000 - \$239,999	-	-	1	-
\$240,000 - \$249,999	1	2	-	-
\$250,000 - \$259,999	2	2	-	-
\$280,000 - \$289,999	-	-	1	-
\$290,000 - \$299,999	-	-	-	1
\$320,000 - \$329,999	1	1	-	-
Total number of Executive Officers	29	20	29	20
Total annualised employee equivalent (AEE)	26.4	12.7	26.4	12.7
Total amount of remuneration (\$'000)	\$5,388	\$3,880	\$4,876	\$3,381

OTHER TRANSACTIONS

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

(IV) PAYMENTS TO OTHER PERSONNEL

The number of contractors charged with significant management responsibilities, to whom the total expenses paid by the Institute exceeded \$100,000 per person is disclosed. These contractors are responsible for planning, directing or controlling, directly or indirectly, the Institute's activities.

	2016 No.	2015 No.
Payment range		
\$120,000 - \$129,999	-	1
Total expenses of other personnel (exclusive of GST) \$'000	-	123

NOTE 23 RELATED PARTIES

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	2016 \$'000	2015 \$'000
23 Related parties		
Purchase of goods and services		
ICT and other services	2,109	-
Total purchase of goods and services	2,109	-

Outstanding balances.

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2016	2015
23 Related parties	\$'000	\$'000
Current payables (purchases of goods and services)		
ICT and other services	1,353	-
Total current payables	1,353	-

Melbourne Polytechnic has entered into a software maintenance and licensing arrangement with US-based companies M-CAM Global Holdings LLC and M-CAM International LLC, to which Melbourne Polytechnic employee Dr David E Martin is a related party. All interests were declared prior to the arrangements being entered into.

NOTE 24 EX-GRATIA EXPENSES

There were no ex-gratia payments made during 2016 (2015: nil).

NOTE 25 REMUNERATION OF AUDITORS

	2016	2015
25 Remuneration of auditors	\$'000	\$'000
Remuneration of Victorian Auditor General's Office for:		
Audit of the financial statements	42	44
Total remuneration of auditors	42	44

NOTE 26 SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the reporting period that significantly affected or may significantly affect the operations of the Institute, the results of those operations, or the state of affairs of the Institute in future financial years.

NOTE 27 ECONOMIC DEPENDENCY

	2016	2015
27 Economic dependency	\$'000	\$'000
Government contributions - operating	63,795	59,033
Government contributions - capital	5,410	-
Total economic dependency	69,205	59,033

Government contributions

In 2016, 52 per cent of income was generated from government contributions, compared to 42 per cent in 2015.

NOTE 28 INSTITUTE DETAILS

The registered office and principal place of business of Melbourne Polytechnic is:

77 St Georges Road
Preston VIC 3072 AUSTRALIA

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board of Melbourne Polytechnic

Opinion	<p>I have audited the accompanying performance statement for 2016 of Melbourne Polytechnic (the institute) which comprises the:</p> <ul style="list-style-type: none">• performance statement and• management certification. <p>In my opinion, the performance statement of Melbourne Polytechnic in respect of the year ended 31 December 2016 presents fairly, in all material respects.</p>
Basis for opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the <i>Auditor's Responsibilities for the Audit of the Statement of Performance</i> section of my report.</p> <p>The Auditor-General's independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the statement of performance in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the statement of performance	<p>The Board of the institute is responsible for the preparation and fair presentation of the performance statement and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.</p>

Auditing in the Public Interest

Independent Auditor's Report (continued)

Auditor's responsibilities for the audit of the statement of performance

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether the performance statement represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
7 March 2017



Simone Bohan
as delegate for the Auditor-General of Victoria

STATEMENT OF PERFORMANCE MANAGEMENT

MELBOURNE POLYTECHNIC PERFORMANCE STATEMENT FOR 2016

In our opinion, the performance of Melbourne Polytechnic in respect of the 2016 financial year is presented fairly in accordance with the key performance measures developed in the annual statement of corporate intent.

The performance indicators are determined by the Board in its strategic plan identifying pre-determined targets and the actual results for the year against these indicators and an explanation of any significant variance between the actual results and performance targets. As at the date of signing, we are not aware of any circumstance that would render any particulars in the statement to be misleading or inaccurate.



Board Chairman
Bill Forwood

Date: 27 February 2017

Place: Preston, Victoria



Chief Executive Officer
Robert Wood

Date: 27 February 2017

Place: Preston, Victoria



Chief Finance Officer
Claire Britchford

Date: 27 February 2017

Place: Preston, Victoria

PERFORMANCE

Indicator	Description and Methodology	2016		Explanation of variances	2015
		Target	Actual		Result
Training revenue diversity	Breakdown of training revenue split by government-funded and fee for service. Training revenue split by: <ul style="list-style-type: none"> ▶ Victorian Training Guarantee (VTG). ▶ Fee for Service (FFS). 	VTG - 40.2% FFS - 59.8%	VTG - 34.4% FFS - 65.6%	Proportion of VTG training revenue increased in comparison to 2015 but did not achieve forecast levels.	VTG - 30.5% FFS - 69.5%
Employment costs as a proportion of training revenue	Employment and third-party training delivery costs as a proportion of training revenue (VTG and FFS). Employment costs plus third-party training delivery costs/training revenue.	88.4%	97.4%	This indicator was higher than anticipated due to training revenue being less than anticipated.	83.1%
Training revenue per Teaching FTE	Training Revenue (excluding revenue delivered by third parties) per Teaching FTE. Training Revenue (excluding revenue delivered by third parties)/Teaching FTE.	\$153,492	\$198,008	Training revenue per Teaching FTE exceeded the 2016 target due to the significantly lower Teaching FTE than anticipated. The decrease from 2015 training revenue per Teaching FTE resulted from the lower overall training revenue.	\$255,141
Operating margin percentage	Operating margin percentage. EBIT (excluding Capital Contributions)/Total Revenue (excluding Capital Contributions).	0.0%	(1.9)%	Operating margin percentage was lower than target due to the lower than anticipated VTG Revenue and overall training revenue but slightly higher than 2015.	(2.5)%
Total Enrolment Targets	Variance in total annual enrolment.	VTG +10% FFS +10%	VTG -11.6% FFS -16.2%	The decline in this indicator is primarily attributed to market conditions, which saw a 13.6% reduction in VET government-funded training in the first six months of 2016 compared to 2015 (DET).	VTG -13.3% FFS -13.3%
Students who recommend Melbourne Polytechnic*	Percentage of students who completed a course and recommended Melbourne Polytechnic. Data from DET Performance Indicator Report - State Survey of VET Course Completers.	80%	76.3%	2016 actual data was from a 2015 survey based on students enrolled in 2014. A significant restructure was happening at Melbourne Polytechnic at the time, which had a negative impact on student responses.	76.4%
Proportion of students who achieved the main reason for training*	Percentage of students meeting main reason for study from Melbourne Polytechnic. Data from DET Performance Indicator Report - State Survey of VET Course Completers.	88%	75.5%	2016 actual data was from a 2015 survey based on students enrolled in 2014. A significant restructure was happening at Melbourne Polytechnic at the time, which had a negative impact on student responses. This significant lag in data is not indicative of current trends.	85.4%
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation (excluding capital contributions).	\$6.3m	(\$2.2)m	EBITDA was below target due to the lower than anticipated revenue during 2016. Whilst costs have been lower than the comparative period this was not sufficient to offset the significantly lower revenue.	\$2.5m
EBIT	Earnings Before Interest and Tax.	\$0m	(\$2.4)m	EBIT was below target due to the lower than anticipated revenue. Even though revenue is significantly lower than the prior year, this was offset by lower costs to show an improvement in EBIT from 2015.	(\$3.5)m

* Survey data is reported retrospectively with the 2016 Target reflecting the target for 2015 surveys and the 2016 Actual reflecting the results of the 2015 survey. Prior year results reflect the outcomes of the 2014 survey.

INFORMATION ABOUT MELBOURNE POLYTECHNIC

The Melbourne Polytechnic website is a comprehensive source of information about courses, campuses, services and history. The website provides public access to the Institute's Annual Reports at www.melbournepolytechnic.edu.au/annualreports

SUMMARY OF FINANCIAL RESULTS

Year	Operating Surplus (Deficit) \$'000	Accumulated Surplus (Deficit) \$'000
2016	(2,449)	40,459
2015	(3,493)	42,908
2014	(20,540)	46,401
2013	(31,690)	66,941
2012	5,107	98,631

CONSULTANCIES

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excl. GST) \$	Actual 2016 Expenditure (excl. GST) \$	Future Expenditure (excl. GST) \$
Alibrando Consulting P/L	AMEP tender	Sep 2016	Dec 2016	37,781	37,781	
Associated Mode	TVC National INC Cinema	Oct 2016	Oct 2016	82,545	82,545	
Compass Environmental P/L	Asset management/environmental consultancy - Preston and Greensborough	Jan 2015	Nov 2016	38,351	38,351	
Dilignet	Implementation of Microsoft	May 2016	May 2016	44,000	44,000	
Exarto Consulting	Stabilise project	Oct 2016	Nov 2016	10,375	10,375	
Executive Interim Management	Transformation execution support	Apr 2016	Aug 2016	83,514	83,514	
Frontier Software P/L	Payroll systems support	Jan 2015	Dec 2016	26,334	26,334	
GHD P/L	Environmental audits - Preston and Greensborough	Nov 2014	Dec 2016	23,726	23,726	15,000
Nakkarit Kanakorn	Training services IDV	Jun 2016	Dec 2016	15,480	15,480	
Pavan Consultants P/L	Management of environmental audits - Preston and Greensborough	May 2016	Dec 2016	13,384	13,384	
Probiz Services	Review of electricity accounts and office supplies expenditure	Jan 2015	Jun 2016	10,700	10,700	
Red Design Group	Customer acquisition project - design of retail stores	Oct 2015	Sep 2016	53,142	53,142	
Sagacity Consulting Group P/L	Customer acquisition project	Jan 2015	Feb 2016	46,477	46,477	
Sense 6	Photography shoot	Oct 2016	Dec 2016	27,132	27,132	
Stayville P/L	Consultancy for Mongolian project	Apr 2015	Jul 2016	127,273	127,273	
Technology One Ltd	Minor configuration of cashflow and balance sheet modules and training.	Feb 2015	Dec 2016	27,640	27,640	
The Lonsdale Group (Deloitte Touche Tohmatsu)	Business case for Greensborough	Oct 2016	Oct 2016	250,249	250,249	
The M3 Collective	Consultancy for industry partnerships	Sep 2016	Sep 2016	25,601	25,601	

Details regarding consultancies over \$10,000 are made publicly available through the publication of this Annual Report on the Melbourne Polytechnic website www.melbournepolytechnic.edu.au/annualreports

Melbourne Polytechnic engaged 22 consultants, each costing less than \$10,000, for a total cost of \$86,600 during 2016.

ADVERTISING

Details of 2016 advertising expenditure (campaigns with a media spend of \$100,000 or greater)

Campaign name	Campaign summary	Start date	End date	Advertising (Media) expenditure (excl. GST)	Creative and campaign development expenditure (excl. GST)	Research and evaluation expenditure (excl. GST)	Total campaign expenditure (excl. GST)
Summer Campaign 2016	Enrolment and Brand Campaign	17 October 2016	31 December 2016	\$1,598,470	\$180,000	\$45,455	\$1,823,925
Greensborough Opening Campaign	Enrolment and Brand Campaign promoting campus opening in 2017	22 August 2016	31 December 2016	\$156,282			\$156,282
Open Days Campaign 2016	Promotion of six Open Day events	18 August 2016	21 November 2016	\$116,744			\$116,744
Mid-Year 2016	Enrolment and Brand Campaign	2 May 2016	22 June 2016	\$333,464			\$333,464
Change Course Campaign	Enrolment and Brand Campaign	17 April 2016	18 September 2016	\$114,994			\$115,000
Summer Campaign 2015/16	Enrolment and Brand Campaign	23 November 2015	29 February 2016	\$272,000			\$272,000

ADDITIONAL INFORMATION

Consistent with the requirements of the *Freedom of Information Act 1982* and the *Financial Management Act 1994*, information on the following items is available on request:

- ▶ Statement regarding declarations of pecuniary interests.
- ▶ Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- ▶ Details of publications produced by Melbourne Polytechnic about itself and how they can be obtained.
- ▶ Details of changes in prices, fees, charges, rates and levies charged by Melbourne Polytechnic.
- ▶ Details of any major external reviews carried out on Melbourne Polytechnic.
- ▶ Details of major research and development activities undertaken by Melbourne Polytechnic.
- ▶ Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- ▶ Details of major promotional, public relations and marketing activities undertaken by Melbourne Polytechnic to develop community awareness of the entity and its services.
- ▶ Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- ▶ A general statement on industrial relations within Melbourne Polytechnic and details of time lost through industrial accidents and disputes.
- ▶ A list of major committees sponsored by Melbourne Polytechnic, the purposes of each committee and the extent to which the purposes have been achieved.
- ▶ Details of all consultancies and contractors.

REQUESTS FOR ADDITIONAL INFORMATION

The Chief Operating Officer
Melbourne Polytechnic
77 St Georges Road
Preston VIC 3072 AUSTRALIA

+61 3 9269 1200

info@melbournepolytechnic.edu.au

COMPLIANCE WITH OTHER LEGISLATION AND SUBORDINATE INSTRUMENTS

Melbourne Polytechnic complies with all relevant legislation and subordinate instruments including, but not limited to, the following:

- ▶ *Education and Training Reform Act 2006* (ETRA)
- ▶ The Constitution of Melbourne Polytechnic
- ▶ Directions of the Minister for Training and Skills (or predecessors)
- ▶ Victorian Government Department of Education and Training Commercial Guidelines
- ▶ Victorian Government Department of Education and Training Strategic Planning Guidelines
- ▶ *Public Administration Act 2004*
- ▶ *Financial Management Act 1994*
- ▶ *Freedom of Information Act 1982*
- ▶ *Building Act 1993*
- ▶ *Protected Disclosure Act 2012*
- ▶ *Victorian Industry Participation Policy Act 2003*

COMPULSORY NON-ACADEMIC FEES AND CHARGES STATEMENT AS AT 31 DECEMBER 2016

	2016	2015
	\$	\$
Income		
Compulsory Non-Academic Fees	1,279,632	1,357,531
Total Income	<u>1,279,632</u>	<u>1,357,531</u>
Expenditure		
Salaries		
Salaries	830,476	856,559
Salary On-costs	128,377	121,429
Total Salary Expenditure	<u>958,853</u>	<u>977,988</u>
Non-Salaries		
Consumables	11,914	7,988
Subscriptions	65,997	500
Telephone	2,327	2,335
Equipment Purchases	13,707	8,664
Internet Fees	0	101,185
Fees and Charges	153	216
Furniture and Fittings	0	2,998
Equipment Lease	1,268	3,509
Fitness Centre	95,000	100,000
Travel	5,549	2,331
Citylink Payments	0	43
Staff Development	187	9
Signage	0	2,910
Advertising - Courses and Other	11,291	6,461
Orientation/Recreational Activities	67,458	68,768
Building Repairs and Maintenance	3,136	1,780
Minor Works	2,604	509
Uniforms	1,265	83
Hospitality	27	0
Security Services	64	0
Professional Fees	43,616	70,335
Total Non-Salary Expenditure	<u>325,563</u>	<u>380,625</u>
Total Expenditure	<u>1,284,416</u>	<u>1,358,612</u>
Operating Result for the year	(4,784)	(1,081)

COMPULSORY NON-ACADEMIC FEES AND CHARGES STATEMENT AS AT 31 DECEMBER 2016 (continued)

Melbourne Polytechnic imposes a compulsory non-academic fee known as the Student Services and Amenities Fee for the purposes of providing a range of free support services to students, on-campus recreational activities through the Student Life and Media (SLAM) unit, and the maintenance of campus facilities for direct student use.

The 2016 Student Services and Amenities Fee was calculated on the basis of 40 cents per enrolled student contact hour in government-funded accredited courses, with a maximum fee of \$250 and a minimum fee of \$50. Certain concessions and exemptions applied. Courses delivered in the workplace or at community locations were charged a flat fee of \$50 per enrolment. The collection and expenditure of the amenities fee is subject to the provisions of the *Education and Training Reform Act 2006*.

The total income from compulsory non-academic fees collected by the Institute in 2016 was \$1,279,632.

The Institute used the income generated from the compulsory non-academic fee for salary and non-salary expenditures including, but not limited to: campus betterment activities, a range of support services, student events, access to a fitness centre and student communications.

No fees, subscriptions and charges were made directly available to student organisations in 2016. However, SLAM staff, which included Student Engagement and Events officers, the SLAM team leader and a Student Communications Coordinator were employed by the Institute.

The following engagement and support services were provided to students in 2016 and funded by the amenities fee:

- ▶ More than 210 on-campus events with attendance of over 15,000 students.
- ▶ Introduction of a volunteer LEAP program to recognise and reward students' participation at events.
- ▶ Roll-out of the innovative Kickstart program, which provided basic key technology skills training to students.
- ▶ Access to online and face-to-face study support and tutoring services.
- ▶ Counselling and Disability Support services.
- ▶ Maintenance of online Jobsboard and accommodation information for students.
- ▶ Orientation and induction activities.
- ▶ Campus betterment including upgrades to student lounge and recreational spaces.

DISCLOSURE INDEX

This Annual Report was prepared in accordance with the *Financial Management Act 1994* and the Directions of the Minister for Finance. The Disclosure Index shows compliance with the statutory requirements.

The financial report was authorised by the Board members on 27 February 2017.

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page
REPORT OF OPERATIONS			
CHARTER AND PURPOSE			
1	FRD 22G	Manner of establishment and the relevant Minister	9
2	FRD 22G	Purpose, functions, powers and duties linked to a summary of activities, programs and achievements	i, 4-18
3	FRD 22G	Nature and range of services provided including communities served	i, 16-18
MANAGEMENT AND STRUCTURE			
4	FRD 22G	Organisational structure and chart, including responsibilities	10
5	FRD 22G	Names of Board members	9, 65
FINANCIAL AND OTHER INFORMATION			
6	FRD 03A	Accounting for Dividends	N/A
7	FRD 07B	Early adoption of authoritative accounting pronouncements	44
8	FRD 10A	Disclosure Index	77-79
9	FRD 17B	Long Service leave and annual leave for employees	42
10	FRD 20A	Accounting for State motor vehicle lease arrangements prior to 1 Feb 2004	N/A
11	FRD 22G	Operational and budgetary objectives, performance against objectives and achievements	4-6, 71
12	FRD 22G	Occupational health and safety statement including performance indicators, performance against those indicators. Reporting must be on the items listed at (a) to (e) in the FRD	23
13	FRD 22G	Workforce data for current and previous reporting period including a statement on employment and conduct principles and that employees have been correctly classified in the workforce data collections	22-23
14	FRD 22G	Summary of the financial results for the year including previous 4 year comparisons	72
15	FRD 22G	Summary of significant changes in financial position	6
16	FRD 22G	Key initiatives and projects, including significant changes in key initiatives and projects from previous years and expectations for the future	4-7, 11-12, 16
17	FRD 22G	Post-balance sheet date events likely to significantly affect subsequent reporting periods	67
18	FRD 22G	Summary of application and operation of the <i>Freedom of Information Act 1982</i>	24
19	FRD 22G	Discussion and analysis of operating results and financial results	6
20	FRD 22G	Significant factors affecting performance	6, 71
21	FRD 22G	Where a TAFE has a workforce inclusion policy, a measurable target and report on the progress towards the target should be included	N/A
22	FRD 22G	Schedule of any government advertising campaign in excess of \$100,000 or greater (exclusive of GST) include list from (a) - (d) in the FRD	73
23	FRD 22G	Statement of compliance with building and maintenance provisions of the <i>Building Act 1993</i>	24
24	FRD 22G	Statement, where applicable, on the implementation and compliance with the National Competition Policy	25
25	FRD 22G	Summary of application and operation of the <i>Protected Disclosure Act 2012</i>	24
26	FRD 22G and FRD 24C	Summary of Environmental Performance including a report on office based environmental impacts	20-21

Item	Source	SUMMARY OF REPORTING REQUIREMENT	Page
FINANCIAL AND OTHER INFORMATION CONT.			
27	FRD 22G	<p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following</p> <ul style="list-style-type: none"> ▶ Total number of consultancies of \$10,000 or more (excluding GST) ▶ Location (e.g. website) of where details of these consultancies over \$10,000 have been made publicly available ▶ Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period <p>AND for each consultancy more than \$10,000, a schedule is to be published on the TAFE institute website listing:</p> <ul style="list-style-type: none"> ▶ Consultant engaged ▶ Brief summary of project ▶ Total project fees approved (excluding GST) ▶ Expenditure for reporting period (excluding GST) ▶ Any future expenditure committed to the consultant for the project 	72, 73
28	FRD 22G	Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act), and the actions that were taken during the year to comply with the Carers Act	24
29	FRD 22G	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer (refer to list at (a) - (l) in the FRD)	74
30	FRD 22G	<p>An entity shall disclose the following in the report of operations:</p> <p>a) Total entity ICT Business As Usual (BAU) expenditure for the full 12-month reporting period; and</p> <p>b) Total entity ICT Non-Business As Usual expenditure for the full 12-month reporting period; and provide a breakdown for:</p> <ul style="list-style-type: none"> (i) Operational expenditure (OPEX); and (ii) Capital expenditure (CAPEX). 	6
31	FRD 25B	Victorian Industry Participation Policy Disclosures	24
32	FRD 26A	Accounting for VicFleet motor vehicle lease arrangements on or after 1 February 2004	N/A
33	FRD 29A	Workforce Data Disclosures on the public service employee workforce. <i>Note:</i> TAFEs must report on a calendar year basis (i.e. not financial year basis).	22-23
34	SD 3.7.1	The Responsible Body must ensure that the Agency applies the Victorian Government Risk Management Framework.	25
35	FRD 22G	An entity's report of operations shall contain general and financial information, including other relevant information, outlining and explaining an entity's operations and activities for the reporting period.	4-25
36	SD 5.2.1(a)	The Accountable Officer must implement and maintain a process to ensure the Agency's Annual Report is prepared in accordance with the FMA, these Directions, the Instructions, applicable Australian Accounting Standards and Financial Reporting Directions.	4, 30, ii
37	SD 5.2.3	The report of operations must be signed and dated by the Responsible Body or a member of the Responsible Body.	4
38	CG 10 (clause 27)	Major Commercial Activities	6, 7, 11, 12, 16
39	CG 12 (clause 33)	Controlled Entities	36
FINANCIAL REPORT			
FINANCIAL STATEMENTS REQUIRED UNDER PART 7 OF THE FINANCIAL MANAGEMENT ACT 1994			
40	SD 5.2.2(b)	The financial statements have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards.	30
OTHER REQUIREMENTS UNDER STANDING DIRECTION 4.2/FINANCIAL MANAGEMENT ACT 1994 (FMA)			
41	SD 5.2.2(a) and FMA s 49	<p>An Agency's financial statements must include a signed and dated declaration by:</p> <ul style="list-style-type: none"> ▶ the Accountable Officer; ▶ subject to Direction 5.2.2(c), the CFO; and ▶ for Agencies with a statutory board or equivalent governing body established by or under statute, a member of the Responsible Body. 	30
42	FRD 30C	Rounding of amounts	43
43	SD 3.2.1.1(c)	<p>The Responsible Body must establish an Audit Committee to:</p> <ul style="list-style-type: none"> ▶ review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister 	9

Item No.	Source	SUMMARY OF REPORTING REQUIREMENT	Page
OTHER REQUIREMENTS AS PER FINANCIAL REPORTING DIRECTIONS IN NOTES TO THE FINANCIAL STATEMENTS			
44	FRD 11A	Disclosure of ex-gratia payments	67
45	FRD 21B	Disclosures of Responsible Persons, Executive Officer and Other Personnel (Contractors with significant management responsibilities) in the Financial Report	65
46	FRD 102	Inventories	40, 49
47	FRD 103F	Non-financial physical assets	40-41
48	FRD 104	Foreign currency	43, 62
49	FRD 105A	Borrowing costs	56
50	FRD 106	Impairment of assets	39, 40
51	FRD 107A	Investment properties	N/A
52	FRD 109	Intangible assets	N/A
53	FRD 110	Cash flow statements	33, 57
54	FRD 112D	Defined benefit superannuation obligations	59
55	FRD 113A	Investment in subsidiaries, jointly controlled entities and associates	N/A
56	FRD 114A	Financial instruments - general government entities and public non-financial corporations	59-64
57	FRD 119A	Transfers through contributed capital	43
58	FRD 120I	Accounting and reporting pronouncements applicable to the reporting period	30, 35-45
COMPLIANCE WITH OTHER LEGISLATION, SUBORDINATE INSTRUMENTS AND POLICIES			
59	Legislation	The TAFE institute Annual Report must contain a statement that it complies with all relevant legislation, and subordinate instruments, (and which should be listed in the Report) including, but not limited to, the following: <ul style="list-style-type: none"> ▶ <i>Education and Training Reform Act 2006</i> (ETRA) ▶ TAFE institute constitution ▶ Directions of the Minister for Training and Skills (or predecessors) ▶ TAFE institute Commercial Guidelines ▶ TAFE institute Strategic Planning Guidelines ▶ <i>Public Administration Act 2004</i> ▶ <i>Financial Management Act 1994</i> ▶ <i>Freedom of Information Act 1982</i> ▶ <i>Building Act 1983</i> ▶ <i>Protected Disclosure Act 2012</i> ▶ <i>Victorian Industry Participation Policy Act 2003</i> 	74
60	ETRA s3.2.8	Statement about compulsory non-academic fees, subscriptions and charges payable in 2016	75-76
61	Policy	Statement that the TAFE institute complies with the Victorian Public Sector Travel Principles	24
62	Key Performance Indicators	<ul style="list-style-type: none"> ▶ KPIs set out in the annual Statement of Corporate Intent; and ▶ Employment costs as a proportion of training revenue; ▶ Training revenue per teaching FTE; ▶ Operating margin percentage; ▶ Training Revenue diversity. 	70-71
OVERSEAS OPERATIONS OF VICTORIAN TAFE INSTITUTES			
63	PAEC and VAGO (June 2003 Special Review item 3.110)	<ul style="list-style-type: none"> ▶ Financial and other information on initiatives taken or strategies relating to the institute's overseas operations ▶ Nature of strategic and operational risks for overseas operations ▶ Strategies established to manage such risks of overseas operations ▶ Performance measures and targets formulated for overseas operations ▶ The extent to which expected outcomes for overseas operations have been achieved. 	16

GREENSBOROUGH CAMPUS REOPENING FEBRUARY 2017

OUR COMMUNITY AND LOCAL INDUSTRY PARTNERS



GREENSBOROUGH CAMPUS MAP

MELBOURNE POLYTECHNIC

A LEVEL 2 & 3	A - LEVEL 2
B LEVEL 2	B - LEVEL 1
D Security Office	A - LEVEL 2 & 3 EAST END
E Horticulture	A - LEVEL 2
C Wallaby Childcare	MELBOURNE INNOVATION CENTRE
F Future Banyule Technical School Scheduled for completion in 2018	AUSTRALIAN CENTRE FOR CAREER EDUCATION

ABOUT THIS REPORT

The Melbourne Polytechnic Annual Report 2016 is a report to the Parliament of Victoria required under Section 45 of the *Financial Management Act 1994*. The Annual Report contains information about the operations of Melbourne Polytechnic during 2016, audited standard Financial and Performance Statements and other information required under Standing Directions of the Minister for Finance under the Act (Section 4 Financial Management Reporting) and the Financial Reporting Directions given under the Act.

In preparing this report, Melbourne Polytechnic followed the reporting guidelines issued by the Higher Education and Skills Group, Department of Education and Training, Victorian Government. This report is based on the model Annual Report issued with these guidelines, in accordance with the *Financial Management Act 1994*, Australian Accounting Standards, Statement of Accounting concepts, authoritative pronouncements of the Australian Accounting Standards Board and other legislative requirements.

To view our Annual Reports online go to:
www.melbournepolytechnic.edu.au/annualreports

This training may be delivered with Victorian and Commonwealth Government funding.
Information correct at March 2017 © MELBOURNE POLYTECHNIC ABN 50 230 165 243





MELBOURNE POLYTECHNIC CAMPUSES, TRAINING CENTRES & SKILLS AND JOBS CENTRES

CAMPUSES

Collingwood

20 Otter Street
Collingwood VIC 3066

Epping

Corner Cooper Street and Dalton Road
Epping VIC 3076

Fairfield

Yarra Bend Road
Fairfield VIC 3078

Greensborough

Civic Drive
Greensborough VIC 3088

Heidelberg

Corner Waterdale Road and Bell Street
Heidelberg West VIC 3081

Prahran

144 High Street
Prahran VIC 3181

Preston

77 St Georges Road
Preston VIC 3072

TRAINING CENTRES

Ararat

Grano Street
Ararat VIC 3377

Growling Frog Vineyard

1910 Donnybrook Road
Yan Yean VIC 3755

Northern AMEP Centre

Corner Belfast and Blair Street
Broadmeadows VIC 3047

Northern Lodge, Eden Park

Glen Robin Court
Eden Park VIC 3757

Northern Lodge, Yan Yean

2005 Plenty Road
Yan Yean VIC 3755

SKILLS AND JOBS CENTRES

Melbourne Polytechnic @ Northland Shopping Centre

2-50 Murray Road
Preston VIC 3072

Melbourne Polytechnic @ Westfield Plenty Valley

415 McDonalds Road
Mill Park VIC 3082

Melbourne Polytechnic @ Westfield Doncaster

619 Doncaster Road (Cnr Williamsons Road)
Doncaster VIC 3108

Melbourne Polytechnic @ Chapel Street

403 Chapel Street
South Yarra VIC 3181

www.melbournepolytechnic.edu.au